

# Financial Literacy in South Africa: Results of an OECD/INFE pilot study

*Report Prepared for*

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Democracy, Governance & Service Delivery (DGSD) research programme

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09 June 2011

<Not for citation>

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# Acknowledgements

We would like to express our appreciation to the following individuals who contributed to the successful completion of this pilot study on financial literacy in South Africa:

- We wish to express our gratitude to the 3,112 South Africans who gave their time to participate in the survey.
- The FSB's managing team in the Consumer Education Department, consisting of Olivia Davids, Ginger Bester and Lyndwill Clarke, for their support, guidance, advice and input throughout the study. The comments received from various members of the Financial Services Board's executive leadership at different stages of the research process are also gratefully acknowledged.
- The Human Sciences Research Council (HSRC) team, consisting of Benjamin Roberts and Jarè Struwig, for conceptualising the study design, as well as analysing the quantitative data and drafting the report.
- The HSRC's provincial supervisors, sub-supervisors and data collectors who traversed the country - often under difficult circumstances - to ensure that high quality information was collected from all those who were interviewed.
- Thanks are also due to Anneke Jordaan of the HSRC's Data Curation unit, who ensured that the data used for analysis was of high quality, as well as Professor Dawid Stoker for weighting the data.
- The role played by the HSRC project administrator, Busisiwe Mamba, who with assistance from Annemarie Booyens and Hermien Bolton, proved to be an invaluable resource for the study. She managed all the field logistics and organised all payments for fieldwork, as well as other related logistics.

# **Executive Summary**

## **THE AIM OF THE SURVEY**

The primary overall objective of this study is to gather baseline information about financial literacy in South Africa, in order to assist the Financial Services Board (FSB) to fulfil their vision of helping all South Africans to achieve sound financial management and to provide the relevant financial information to facilitate this for consumers. The FSB Consumer Education programme has previously been hampered by the very limited data available about financial knowledge, attitudes, skills and behaviours of consumers in South Africa. The purpose of this project, the first of its kind in South Africa, is therefore to undertake a national study to generate information on the levels of awareness, knowledge and understanding of financial literacy and systems in South Africa.

The broader objectives of the FSB study are to determine levels of financial literacy in South Africa, to benchmark these against those of other countries, to inform public policy relating to low financial segments and to assist in developing strategies to improve financial literacy. This report provides descriptive findings organised around financial capability: money management; planning ahead; choosing products; and staying informed. The latter areas represent important issues identified by the Organisation for Economic Co-operation and Development (OECD).

## **RESEARCH METHODOLOGY**

Three thousand one hundred and twelve South Africans participated in the survey, a sample representative of the country's population. The target population for the FSB financial literacy survey was individuals aged 16 and over who lived in South Africa, specifically comprising people living in households, hostels and other structures. Enumerator areas (EAs) from the 2001 Census formed the primary sampling unit (PSU), of which five hundred EAs were selected throughout South Africa. Within each PSU or EA a total of 7 visiting points or households were selected for interviewing, using random sampling. One household member who was 16 or older was selected randomly as a respondent to complete the questionnaire in the language of his or her choice. The fieldwork commenced on 10 November 2010 and ended on 20 December 2010.

## **MANAGING MONEY**

### **Making Ends Meet**

Respondents were asked whether, in the year prior to being interviewed, they had personally experienced a situation whereby their income did not quite cover their living costs. More than two-fifths (44%) responded affirmatively, with slightly over half (53%) indicating that this had not happened to them. Financial difficulty was more prevalent for women (47%) relative to men (41%), the 30 - 60 age groups rather than 16 -19 year-olds, and for black and coloured respondents more than white and

Indian. Those with little education, those unable to work, part-time workers and work-seekers suffered the greatest income shortfalls.

A follow-up question on coping strategies to help get through these times of financial duress indicated that the most common response was to borrow food or money from family or friends, which was reported by around half (49%) of those who were unable to live within their means. This implies that informal and familial networks matter most for South Africans during hard times. A second common strategy was to scale back on expenditures or to merely do without, which was mentioned by close on a third of those (30%) who encountered financial difficulty. Others mentioned borrowing from employers, the pawning of assets, taking a loan from a savings or loan club, and withdrawing funds from a flexible home loan account.

Analysis by various socio-demographic characteristics of respondents showed that those relying more on their social networks in times of financial hardship were women, black and coloured respondents, and those with lower levels of schooling. The higher the educational status, the greater the likelihood of working overtime to create extra finance, but this group were also the most inclined to pay their bills late or miss out on payments.

### **Personal Involvement in Money Management**

Respondents were asked who in their household was responsible for day-to-day decisions concerning the managing of money. Of those interviewed, 27% indicated that they assumed sole personal responsibility for daily money management in their household, 22% managed household finances jointly with their partner, while 15% stated that they performed this task jointly with another family member. Therefore, approximately two-thirds of South Africans aged 16 years and older (64%) directly play at least some role in managing the household budget. The remaining third of survey respondents are reliant on other people for financial planning.

### **Household Budgets**

The presence of a household budget is suggestive of a positive awareness relating to financial management. The reporting of the existence of a household budget was relatively common (55%), with 37% suggesting otherwise and 8% uncertain or refusing to answer. There is a considerable gradient of difference in relation to population group. Coloured and black respondents (46% and 53% respectively) were significantly less likely than white and Indian respondents (76% and 70% respectively) to report that they had a household budget. This finding reflects material disadvantage and social inequalities that continue to characterise South African society. There is a relationship between educational attainment and household budgeting, as well as a link to income: the higher the education or the greater the income, the more likelihood of reporting a household budget (75% and 76% respectively). Age also affects budgeting, as the figure progressively increases for those in their twenties, thirties and forties, becoming highest for people about to enter their retirement years (68%).

## **Attitudes towards Spending and Saving**

A considerable majority of respondents (61%) acknowledge that, prior to making a purchase, they always carefully consider whether they can afford it, with an additional fifth (21%) suggesting that they do this often. Only a tenth give affordability some thought before making an outlay. Although this is a broadly reassuring message, South Africans tend to be less likely to state that they unfailingly pay their bills on time or constantly keep a close watch over their personal finances. Only about a third of people indicated that they are always diligent in doing these activities (34 and 36% respectively).

To further gauge beliefs about spending and financial control, respondents were asked the extent to which they agree or disagree with the statement that “money is there to be spent”. It would appear that South Africans are polarised in their views in this regard. Some 42% tended to agree with this perspective (with 15% strongly agreeing), 18% were neutral, while 39% tended to disagree (with 18% strongly disagreeing).

## **FINANCIAL PLANNING**

### **Making provision for the future**

In order to assess to what extent people make suitable provisions for future unforeseen adverse circumstances or alternatively for planned life events (purchasing a car, paying for lobola and other wedding expenses, or the eventuality of retirement), respondents were asked how long they could manage if they lost their main source of income. Fifteen percent of respondents felt they did not know how long they could manage for, 14% would not be able to manage for even a week, a further fifth (20%) thought they could last between a week and a month, with the largest group (25%) feeling they could manage between one and three months. These findings suggest that a majority of South Africans only have small reserves to draw upon in the face of a sudden loss of income, before being forced to rely on other forms of coping strategy.

In order to understand who are the most vulnerable in terms of financially sustaining themselves over a period of time, subgroup analyses were done on key socio-demographic variables. The results showed that the groups who could only sustain themselves for the shortest period were as follows: women, the 16 – 19 year age group, coloured people, people with low Living Standard Measure (LSM), those with low educational attainment and people living in rural formal areas. Interestingly, people in the Northern Cape would be able to sustain themselves the longest, whilst people in the Eastern Cape, Free State and Mpumalanga were the most vulnerable.

## **CHOOSING FINANCIAL PRODUCTS**

Respondents were read out a list of fourteen products by the interviewer and requested to say which of them they had heard of before. The most common financial product that South Africans are aware of is a bank account, mentioned by

91%. The second most common product, namely a credit card, is known by two-thirds (66%) of respondents. This is followed closely by a post office savings account (65%) and policies such as those offered by Sanlam or Old Mutual (63%). Other products which were familiar to more than half the respondents were insurance (such as home content insurance, car insurance and funeral insurance), stokvels, and a private pension fund.

Men were generally more knowledgeable than women, and those 70 years and older were familiar with fewer products on average (mean score 5.8) than those aged 30-39 years and 40-49 years (both 7.2). In relation to population group, white South Africans were on average aware of four more products than African respondents (10.3 compared with 6.2). The reason for this racial difference in awareness of financial products appears to be due to socio-economic inequalities, especially educational attainment and employment status.

### **Product holding and purchase**

Respondents were then asked which, if any, of the products they currently held at the time of interview. This helps to construct a general picture of levels of access to financial services in the country. Although a sizable share (20%) indicated that they possessed none of the fourteen financial products listed and 5% refused to answer, 75% of respondents stated that they possessed at least one of them, with respondents on average holding two ( $M=1.78$ ) of the different types of products.

Respondents were subsequently requested to specify whether they had chosen any of the listed products during the last two years, irrespective of whether they still possessed them. Nearly two-fifths (38%) said that they had not done so, with 55% choosing one or more products during this period. An estimated 38% had chosen a single product with a national average of 1.18 products. This would seem to convey a sense that for that segment of South African society that is accessing financial products and services, there has been a fair amount of activity in the market in recent years.

The reported mean number of financial products currently possessed is highest for those with a tertiary or technical/vocational education, white South Africans and those in regular self-employment. Household-level disadvantage plays a considerable role in the number of products held by respondents, as product hold increases significantly in parallel with self-reported household income status and living standard level. Residents in formal urban areas are also more inclined to hold financial products than in other areas.

### **Decision-making and recent product choice**

Among those that indicated that they had bought a product in the last two years, each was asked to specify the manner in which the product was chosen. Nearly half (48%) considered several products from different companies before deciding. Another fifth (19%) said that they contemplated the range of products available from one company before deciding, while a small proportion (6%) shopped around but realised that there were no other products to consider. Above-average shares of

respondents reported that they did not shop around in the cases of stokvels (26%), post office savings accounts (22%), bank accounts (21%), credit cards (19%) and household, vehicle or funeral insurance (18%). It seems that comparison shopping is especially common in relation to house bonds, investment accounts, policies (with Sanlam, Old Mutual, etc.) and private pension funds.

### **Sources of product information**

When choosing a financial product, consumer decisions are most informed by product-specific information from a branch of a bank (28%), family and friends who are not in the financial services industry (22%), as well as television and radio programmes (17%) and television advertisements (16%). These four information sources account for 57% of all responses provided, rising to 63% if one also includes the 6% reporting the importance of advice from family and friends working in the financial sector. These figures are applicable to bank accounts and credit cards.

In terms of private pension funds, equivalent importance is attached to television adverts and bank-based information (both 26%), followed closely by television or radio programmes (21%). Also notable is the higher than average percentages of consumers being influenced by financial advisors or brokers (14% – the highest of any product), the sales staff of product providers (11%), internet websites (9%), as well as newspaper adverts. The choice of post office savings accounts is determined more by advice from family and friends (30% out of and 14% in the financial sector) and newspaper articles (16%). Junk mail (11%) received more mentions than average. For investment accounts, media coverage emerges as marginally more important than information from a branch of a bank. The advice of employers (11%) is the highest of all the products examined.

## **KNOWLEDGE AND UNDERSTANDING**

A core component of the financial literacy survey was a short set of questions in the form of a quiz, in order to provide an assessment of the familiarity and proficiency of South Africans with basic financial concepts. The items test knowledge of concepts such as mathematical division, inflation, interest rates and compound interest.

An overwhelming majority of respondents (80%) were able to supply the correct numerical answer to the first quiz item on mathematical division. The second item explored knowledge of inflation by asking people to say whether, using the same example, the subjects would be able to purchase less, more, or an equivalent amount if they were to wait a year to receive their money.

Barely a quarter (26%) chose the response that was expected (i.e. the subjects would be able to purchase less in a year's time than today), with a third (32%) stating that they would be able to buy more or an equivalent amount in a year's time. There were two additional response options that were not read out to the respondents, namely 'it depends on inflation' and 'it depends on the types of things that they want to buy'. Overall, these responses were mentioned by 16% and 10% of respondents respectively.

It could be argued that, in the South African context, those responding in this manner actually possess a good grasp on inflation, as official consumer price inflation data from Statistics South Africa shows that between January 2010 and January 2011 the overall Consumer Price Index (CPI) rose 3.7 percent. As for those answering that the situation would depend on the items purchased, there is again merit in this response, because planning to purchase certain products such as a car or household appliance would enable them to buy more or an equivalent amount in a year's time, based on last year's CPI data.

### **Understanding of interest and compound interest**

The responses to the two subsequent items on interest and compound interest received on a savings account suggest that respondents struggled cognitively with these elements of financial literacy. The first question asks people to estimate how much would be in a savings account after a year, assuming a 2% rate on an initial R100 deposit. While 45% provided a correct response, 17% answered incorrectly and 8% offered irrelevant answers. What is telling is that 28% stated that they did not know the answer. A similar pattern is found in relation to the compound interest statement, which asked respondents to indicate, using the same example, how much would be in the savings account after a five-year interval. In this instance, 37% provided correct answers and 28% incorrect answers. Again, approximately a fifth of respondents (24%) registered their uncertainty.

### **Understanding of investment risk and return**

Two questions were also included in the quiz that were designed to test the respondent's ability to weigh up risk and return on investments. The responses indicate that South Africans are quite sceptical about potential investments that offer the prospect of getting rich quick, with nearly three-quarters (73%) acknowledging that such schemes also pose the risk of quick losses too. A fifth of respondents (20%) disputed the likelihood of loss in relation to investments promising sizable returns, while 7% were unsure.

## 1. Introduction

The Financial Services Board (FSB) is the statutory regulator of the non-banking financial sector in South Africa. It derives its mandate from the FSB Act of 1990 (amended in 2000) which, *inter alia*, seeks to promote financial education programmes for consumers. Specifically, in terms of Section 3c of the Act, the FSB's Consumer Education Programme aims to "promote programmes and initiatives ... to inform and educate users and potential users of financial products and services" (FSB, 2009:32). The vision of the FSB Consumer Education programme is to help all South Africans "to manage their personal and family financial matters soundly, to eradicate irresponsible financial behaviour, to ensure that unscrupulous and unlicensed financial services institutions are reported, to provide information to consumers on appropriate financial services and their rights and responsibilities, as well as available mechanisms" (FSB, 2009:32).

One of the difficulties encountered by the FSB in effectively fulfilling its consumer education mandate was a scarcity of publicly available microdata on financial knowledge, attitudes, skills and behaviours of consumers in South Africa. In response, the FSB commissioned the Human Sciences Research Council (HSRC) in early 2010 to undertake the South African component of a cross-national pilot study on the measurement of financial literacy. This comparative pilot study is an initiative developed by the International Network on Financial Education (INFE) of the Organisation for Economic Co-operation and Development (OECD). In terms of scope of work, INFE focuses explicitly on "financial literacy and education policy areas considered as particularly topical, such as the evaluation of financial education programmes, financial education in schools and national strategies for financial education. Among these, the measurement of the level of financial literacy at both a national level and international level rapidly emerged as critical in order to better inform policymakers' interventions" (Atkinson & Messy, 2011: 2). Recognising the lack of standardised international conceptual framework and survey-based measures of financial literacy, the OECD/INFE reviewed pre-existing literature and measures with two primary outcomes.

Firstly, it focused on the development of a multidimensional approach to understanding financial literacy, which centres on four principal domains, namely day-to—day money management, financial planning, choosing appropriate products, and financial knowledge and understanding. This approach builds primarily on work done by the Financial Services Authority (FSA) in the UK based on qualitative focus group methods and exploratory investigations (Atkinson et al., 2006), which has subsequently been employed in a number of other country contexts, such as Ireland (Financial Regulator Ireland, 2008), Canada (Arrowsmith & Pignal, 2010) and Romania (Stănculescu, 2010).

The coverage of each of the conceptual domains include the following:

- **Day-to-day money management:** This includes the financial control people exercise, whether they work to budgets, stick to budgets, save regularly and whether they keep records of their spending. It will also look at how people make ends meet, and how often they run short of money and what actions they take when their money runs out. Information will also be required on the attitudes of consumers towards financial management.
- **Financial planning:** Information will be required on the extent to which consumers make provision for an emergency or 'rainy day'; the savings/insurance they have; their financial provision for retirement and the financial provision they make for anticipated expenses such as health care, education or a known event.
- **Choosing appropriate products:** Information will also be required on the ability of consumers to choose appropriate products, how they choose the products and whether they shop around for financial products.
- **Financial knowledge and understanding:** This area requires information on the extent to which consumers keep up-to-date with financial matters, whether they understand key concepts, and their knowledge of financial products and services

A second key outcome of the OECD/INFE deliberations was the identification a set of 19 core indicators spread across each of the aforementioned financial literacy domains for pilot testing in 12 low, medium and high income OECD member countries exhibiting diverse characteristics. An additional set of supplementary measures was also designed that are intended to be included at the discretion of participating countries. More detail about the countries selected for inclusion in the OECD/INFE pilot study are presented in Table 1. Fieldwork in the participating countries was scheduled for between September 2010 and early 2011. Some countries embedded the OECD/INFE core financial literacy module in a broader national baseline surveys on the topic (e.g. Czech Republic), which others have included it as part of multitopic surveys or follow-up studies. In the South African case, the core module was fielded as part of the annual round of the nationally-representative South African Social Attitudes Survey (SASAS), which has been conducted by the HSRC since 2003.

In the absence of definitional consensus regarding the term financial literacy or capability, the OECD/INFE has adopted a definition for the purposes of the pilot study that again builds on a multifaceted understanding of the concept. Specifically, financial literacy is conceived as “a combination of awareness, knowledge, skills, attitude and behaviours necessary to make sound financial decisions and ultimately achieve individual financial wellbeing” (Atkinson & Messy, 2011: 4). Over the past decade financial literacy has gained the attention of a wide range of role players including major banking groups, government agencies and community interest groups in developed countries but increasingly developing countries too (Braunstein

& Welch 2002; Holzmann, 2010). Specifically, policymakers are concerned that consumers lack a working knowledge of financial concepts and do not have the tools to make decisions most advantageous to their economic well-being. Not only does financial illiteracy impact on the individual's or families' day-to-day money management but impacts on their ability to save for long-term goals and become financially independent at retirement age. Ineffective money management can also result in behaviours that make consumers vulnerable to severe financial crises.

**Table 1: OECD/INFE financial literacy pilot study country characteristics**

| <b>Regions and OECD/INFE financial literacy pilot countries</b> | <b>Economic classification*</b> | <b>Commercial bank deposit accounts per 1,000 adults**</b> | <b>ATMs per 1,000 adults</b> |
|-----------------------------------------------------------------|---------------------------------|------------------------------------------------------------|------------------------------|
| <b>Sub Saharan Africa</b>                                       |                                 |                                                            |                              |
| South Africa                                                    | Upper middle income             | 839                                                        | 52                           |
| <b>South and South-East Asia</b>                                |                                 |                                                            |                              |
| Malaysia                                                        | Upper middle income             | 2063                                                       | 54                           |
| <b>Eastern Europe &amp; Central Asia</b>                        |                                 |                                                            |                              |
| Armenia                                                         | Lower middle income             | 631                                                        | 29                           |
| Czech Republic                                                  | High income                     | 1739                                                       | 40                           |
| Estonia                                                         | High income                     | 2669                                                       | 88                           |
| Hungary                                                         | High income                     | 2058                                                       | 56                           |
| Poland                                                          | Upper middle income             | 1626                                                       | 49                           |
| <b>Western Europe</b>                                           |                                 |                                                            |                              |
| Germany                                                         | High income                     | ..                                                         | 112                          |
| Ireland                                                         | High income                     | 2182                                                       | 96                           |
| Norway                                                          | High income                     | ..                                                         | 57                           |
| United Kingdom                                                  | High income                     | 2923                                                       | 123                          |
| <b>Latin America</b>                                            |                                 |                                                            |                              |
| Peru                                                            | Lower middle income             | 783                                                        | 22                           |

Note: \* World Bank World Development Report 2009; Economies are divided among income groups according to 2007 GNI per capita, calculated using the World Bank Atlas method. The groups are low income (LIC), \$935 or less; lower middle income (LMC), \$936–3,705; upper middle income (UMC), \$3,706–11,455; and high income, \$11,456 or more. \*\* CGAP Financial Access 2010.

In a heterogeneous middle income country such as South Africa, where a considerable proportion of the population is characterised by material disadvantage, financial literacy programmes can also support social inclusion and assist with the enhancement of the wellbeing of communities. This survey, the first of its kind in South Africa, will shed some light on the knowledge, understanding, and patterns of behaviour exhibited by South Africans in their approach to financial activities. This report provides preliminary, descriptive findings organised around the four OECD/INFE financial capability domains.

### **1.1. Primary study objectives**

The broad objectives of the FSB 2010 study were:

- To determine levels of financial literacy in South Africa
- To benchmark financial literacy levels in South Africa against financial literacy levels in other countries as part of the OECD INFE pilot study
- To inform public policy, particularly as it relates to vulnerable and at-risk groups with low levels of financial literacy, and
- To provide a valuable empirical evidence base with which to assist the development of strategies to improve financial literacy in South Africa at both community and national levels.

In summary, the purpose of the project is to undertake a national study to generate information on the levels of awareness, knowledge and understanding of financial literacy and systems in South Africa. Since the questions will be tailored to the international OECD/INFE module, the responses to the questions can be benchmarked against other countries (developed and developing). The HSRC is confident that the output from this study will fill a vacuum in current knowledge on financial literacy and that the information will be useful for the FSB in terms of challenges faced.

## **2. Research methodology**

### **2.1. The Quantitative Survey**

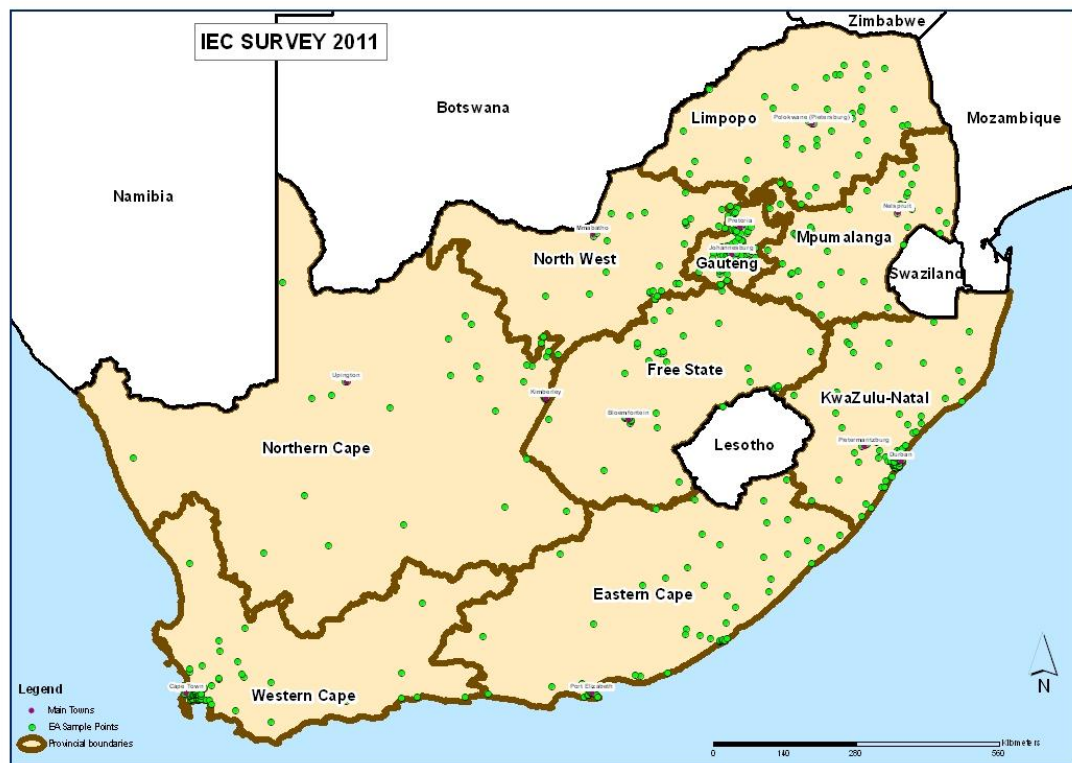
#### **2.1.1. The Research Universe**

The target population for the FSB financial literacy survey is individuals aged 16 and over who live in South Africa. Specifically, the target population comprised people living in households, hostels and other structures. People living in special institutions such as hospitals and prisons were excluded from the sample. The inclusion of people from these institutions would have compromised the random selection procedure. Also, past experience has shown that access to people in these institutions is extremely difficult, since obtaining permission can be cumbersome and complex.

#### **2.1.2. The sample design**

The research universe thus includes all South African citizens 16 years and older. In order to achieve a national representative sample desired by the FSB, a sample had to be designed that would ensure that all people in South Africa, 16 years and older, are represented, regardless of race, class, residential status etc. In order to ensure this, a complex sample design was used that includes stratification and multi-stage sampling procedures. The explicit stratification variables that were used in the sample were provinces, urban/rural population and people living in different types of areas (e.g. informal settlements, traditional areas, formal urban, farmlands). To ensure that the sample was also representative in terms of the ethnic and cultural diversity of South Africa, the HSRC's geo-demographic categories, which have been developed from the 2001 census data, were used as the implicit stratification variable. These geo-demographic categories reflect the diversity of the South African population based on their rural/urban, income, education, "ethnicity" and geographic characteristics.

**Figure 1: A graphical representation of 500 selected Enumeration Areas**



Enumerator areas (EAs) from the 2001 Census formed the primary sampling unit (PSU). Five hundred EAs were selected throughout South Africa. Within each PSU or EA a total of 7 visiting points or households were selected for interviewing, using random sampling. A total of 3500 visiting points or households were thus sampled for this study. A graphical representation of the 500 selected EAs is presented in Figure 1.

### **2.1.3. Navigation to the selected areas**

Once the sample was selected, a navigational toolkit was developed to assist the field teams in finding the correct areas. These kits assisted the supervisors and fieldworkers to locate the exact EA where the interviews were to take place. The navigational kits included:

- Route descriptions, to assist the teams to navigate their way into the selected enumerator areas.
- Maps that, using aerial photographs as a base, identified the exact geographic location of the enumerator areas to be sampled throughout the country.
- More detailed maps that identified the exact area, pinpointing street names and places of interest such as schools, clinics, hospitals etc. selected by the office-based sampling team, within the EAs where respondents would be interviewed.

**Figure 2: An example of an EA map used to assist the field teams to navigate to the correct areas**



#### **2.1.4. Introduction of the project to the communities**

Prior to starting the actual interviewing process, supervisors were instructed to visit the local police stations, indunas, chiefs or other role players in the various areas to ensure that the authorities were aware of the project and to inform the communities of their intent. Official letters described the project and its duration and relevant ethical issues were distributed to the authorities. This was done not only as a form of research and ethical protocol, but also to ensure the safety of the field teams.

#### **2.1.5. Selecting a household and individual**

After driving through the EA and introducing the project to the local authorities, supervisors had to select seven households in each EA. This had to be done in a randomised way in order to ensure equal selection probability. The first visiting point (household) was selected randomly anywhere in the EA by the supervisor. Once the random starting point had been selected, the field team needed to select the next household by counting an interval and using a serpentine way of systematically moving through the EA. The interval was calculated by dividing the total number of households in the EA by seven (the number of households required in each EA).

Once a household had been selected, a household member needed to be selected randomly as a respondent. This household member (respondent) needed to be 16 years or older. For the purpose of this survey, the KISH grid was used to randomly select the respondent in the household. (See Kish Grid on page iii of the Questionnaire – Appendix A)

#### **2.1.6. Data collection protocol**

The following general protocol guidelines for data gathering were implemented:

- Fieldworkers and supervisors were required to notify the relevant local authorities that they would be working in the specific area. The purpose was to assist with their own safety and to reassure respondents, especially the elderly or suspicious, that the survey was official.
- They were advised to inform the inkosi or induna in a rural traditional authority area, whilst in urban formal or urban informal areas a visit the local police and, if possible, the local councillor was to be made prior to commencing work in the area.
- They were further advised that farms should be entered with caution and that they should report to the local AgriSA offices before doing so. Field supervisors were issued with 'Farm letters' which contained information on the purpose of the study and contact details in case they had queries.
- Consent forms needed to be completed upon successfully finishing each interview. While verbal consent was to be secured from the respondent before beginning with the interview, a written consent form had to be signed afterwards.
- Fieldworkers were issued with name tags and letters of introduction to be used in the field.
- The introduction letter was translated into different languages.
- They had to present their identity cards when introducing themselves.

#### **2.1.7. The questionnaire**

A draft pilot questionnaire was developed by the OECD. This questionnaire was circulated to all potential pilot countries for discussion and comments. The HSRC commented on the draft pilot questionnaire and gave the feedback to the OECD. Subsequently the OECD finalised a pilot questionnaire. This questionnaire was formatted to fit the South African Social Attitude Survey (SASAS) format and piloted in a rural and urban set-up. Subsequent to the pilot, feedback was given to the OECD and a final questionnaire was designed. (Appendix A). A training manual was also developed that explained difficult concepts in the questionnaire. The

questionnaire was translated into six languages - namely, isiZulu, isiXhosa, Tshivenda, Xitsonga, Setswana, and Afrikaans. Fieldworkers were issued with hard copies of the translated templates to ensure consistency of translations for the various languages.

#### **2.1.8. Training**

A one-day training session was held in various provinces. The main training session took place in Pretoria and covered the Northern provinces, namely Gauteng, Limpopo, Mpumalanga and North West.. All relevant remarks and instructions discussed during the training session were included in the training manual. Other training sessions were held in Port Elizabeth, Durban, Kimberley and Western Cape.

The training session included sessions on selection and sampling of households; fieldwork operating procedures; research protocol; and ethical considerations. The questionnaire was discussed in detail. As far as possible, the training was designed to be participatory, practical and interactive, and gave fieldworkers the opportunity to seek clarification on questions. A training manual was also developed as part of the training toolkit.

The fieldwork commenced on the 10th of November 2010 and ended on the 20th of December 2010. A network of locally-based fieldwork supervisors in all parts of the country assisted in data collection. Competent fieldworkers with a thorough understanding of the local areas were employed as part of this project.

#### **2.1.9. Quality control**

HSRC researchers conducted random visits to selected areas and worked with the fieldworkers for a period of time, to ensure that they adhered to ethical research practices and that they understood the intent of the questions in the questionnaire. HSRC researchers also made sure that the fieldworkers correctly selected the identified households and respondents in the household. The researchers also checked on procedures followed in administering the research instrument. Field back checks were also conducted in eight of the nine provinces. Telephonic back checks were done on 10% of the total sample.

#### **2.1.10. Data capturing and cleaning**

The data-capturing function was outsourced to an external company. The process was, however, carefully monitored by the HSRC's Data Management Centre and the HSRC required 100% verification of the data from the data-capturing company. This meant that all variables were captured twice to ensure 100% verification. After

receiving the data, the Data Management Centre embarked on a data-cleaning exercise.

Data was checked and edited for logical consistency, for permitted ranges, for reliability on derived variables and for filter instructions. After the data-cleaning exercise, the analytical team received the realisation rates of the survey. As can be seen from Table 2 below, a realisation rate of 89% was achieved. This is a very high realisation rate and was partly achieved due to the fact that communities were well informed about the survey and also because of the data collection methodology – namely, face-to-face interviews.

**Table 2: Sample realisation**

| Province      | Number of replaced EAs | Ideal sample (N Households) | Realised sample (N Households) | % Realisation |
|---------------|------------------------|-----------------------------|--------------------------------|---------------|
| Eastern Cape  | 1                      | 455                         | 412                            | 91            |
| Free State    | 0                      | 266                         | 256                            | 96            |
| Gauteng       | 0                      | 581                         | 537                            | 92            |
| KwaZulu-Natal | 2                      | 651                         | 624                            | 96            |
| Limpopo       | 0                      | 308                         | 287                            | 93            |
| Mpumalanga    | 0                      | 266                         | 236                            | 89            |
| North West    | 0                      | 259                         | 165                            | 64            |
| Northern Cape | 0                      | 259                         | 203                            | 78            |
| Western Cape  | 0                      | 455                         | 392                            | 86            |
| <b>Total</b>  | <b>3</b>               | <b>3500</b>                 | <b>3112</b>                    | <b>89</b>     |

### **2.1.11. Data weighting**

The final data set was given to the statistician for benchmarking and weighting purposes. As indicated in Table 2, a total of 3112 people were interviewed during this study. When weighted, this total represents 33,441,480 South Africans 16 years and older. The marginal totals for the benchmark variables were obtained from the applicable mid-year estimates as published by Statistics South Africa. The data was weighted to the 2010 mid-year population estimates. In other words, the estimated South African population for the applicable year was used as target population. The final data set (unweighted and weighted) are disaggregated below by key demographic variables.

**Table 3: Sample (Unweighted and Weighted)**

|                                  | Unweighted N | Percent | Weighted N | Percent |
|----------------------------------|--------------|---------|------------|---------|
| Total                            | 3112         | 100     | 35 946305  | 100     |
| <b>Sex</b>                       |              |         |            |         |
| Male                             | 1268         | 41      | 15 989 070 | 48      |
| Female                           | 1844         | 59      | 17 452 410 | 52      |
| <b>Age</b>                       |              |         |            |         |
| 16-24 years                      | 618          | 20      | 9 194 535  | 28      |
| 25-34 years                      | 699          | 22      | 8 551 349  | 26      |
| 35-44 years                      | 656          | 21      | 5 986 410  | 18      |
| 45-54 years                      | 449          | 14      | 4 031 601  | 12      |
| 55-64 years                      | 382          | 12      | 3 213 133  | 10      |
| 65+ years                        | 306          | 10      | 2 445 161  | 7       |
| <b>Race</b>                      |              |         |            |         |
| Black                            | 1781         | 57      | 25 619 206 | 77      |
| Coloured                         | 564          | 18      | 3 123 612  | 9       |
| Indian                           | 365          | 12      | 986 140    | 3       |
| White                            | 401          | 13      | 3 711 060  | 11      |
| <b>Living standard</b>           |              |         |            |         |
| Low living standard              | 336          | 12      | 3 354 157  | 11      |
| Medium living standard           | 1309         | 45      | 16 836 739 | 55      |
| High living standard             | 1242         | 43      | 10 677 261 | 35      |
| <b>Province</b>                  |              |         |            |         |
| Western Cape                     | 392          | 13      | 3 590 869  | 11      |
| Eastern Cape                     | 412          | 13      | 4 360 150  | 13      |
| Northern Cape                    | 203          | 7       | 756 310    | 2       |
| Free State                       | 256          | 8       | 1 940 179  | 6       |
| KwaZulu-Natal                    | 624          | 20      | 6 876 631  | 21      |
| North West                       | 165          | 5       | 1 984 448  | 6       |
| Gauteng                          | 537          | 17      | 8 164 232  | 24      |
| Mpumalanga                       | 236          | 8       | 2 355 884  | 7       |
| Limpopo                          | 287          | 9       | 3 412 778  | 10      |
| <b>Geotype</b>                   |              |         |            |         |
| Urban formal                     | 1961         | 63      | 18 292 013 | 55      |
| Informal urban settlement        | 285          | 9       | 3 633 378  | 11      |
| Rural traditional authority area | 594          | 19      | 9 663 087  | 29      |
| Rural formal                     | 272          | 9       | 1 853 003  | 6       |

### **3. Managing Money**

In international work on financial capability, managing one's money was identified as a key domain associated with becoming a financially-capable individual (Atkinson et al., 2006). The analysis of people's money management capability is assessed through indicators on the ability to make ends meet, as well as the degree to which South Africans monitor their finances.

#### **3.1. Making ends meet**

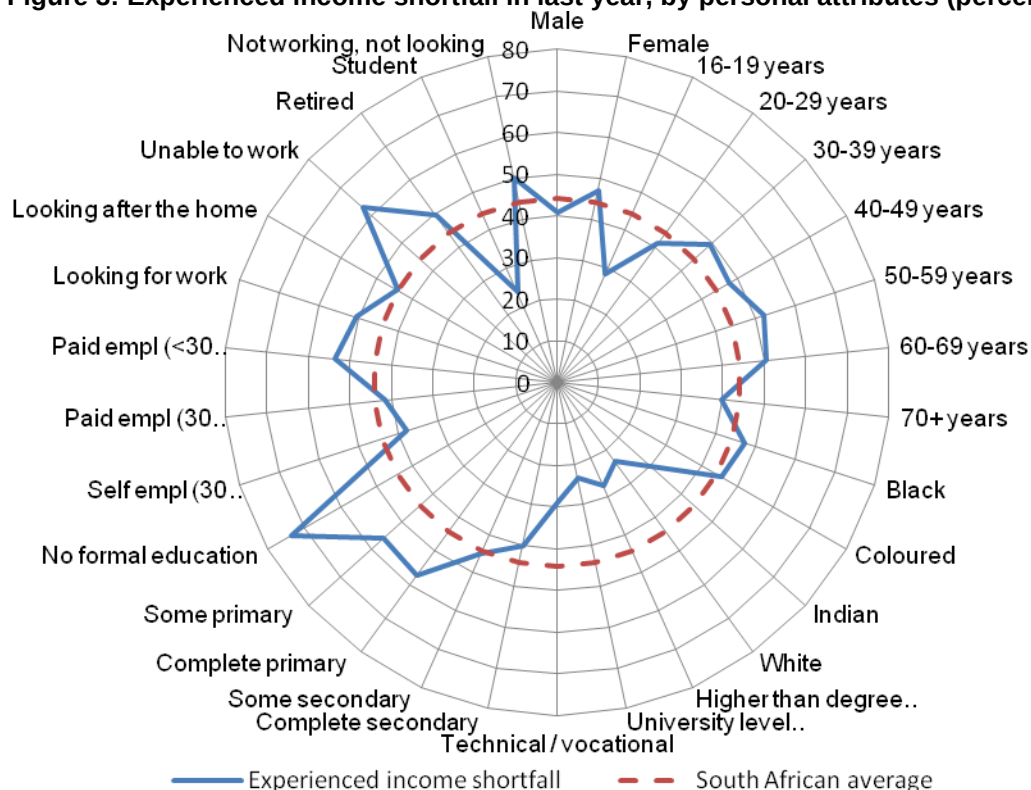
Given the recent global economic crisis, rising cost of living as well as persistently high levels of unemployment and poverty in the country, it is fundamental in the South African context for any survey on financial capability and literacy to include questions relating to the ability of survey respondents to make ends meet. These questions have been designed to be of relevance to those at either end of the income distribution, as well as to those that tend to have limited direct responsibility in household money management. International testing has shown that the measures are particularly well-suited to identifying levels of poverty and financial distress (Atkinson et al., 2006).

Respondents were asked whether in the year prior to being interviewed they had personally experienced a situation whereby their income did not quite cover their living costs. More than two-fifths (44%) responded affirmatively, with slightly over half (53%) indicating that this had not happened to them. Only small shares were uncertain how to respond (2%) or refused to provide an answer (1%), indicating that the question is generally working well, given the sensitivity involved in admitting to financial difficulty.

As shown in Figure 3, financial difficulty was more likely to be reported by:

- Women (47%) relative to men (41%);
- People in their thirties through sixties compared to those aged 16-19 years;
- Black and coloured respondents, in contrast to white and Indian respondents;
- Those with no formal education, of whom 76% stated that they experienced income shortfalls in the past year. Also, those with less than a Matric level education were more likely to report financial difficulty than those with post-Matric technical or vocational training, a university level education or higher degree.
- Those unable to work for health reasons (63%), in paid employment (less than 30 hours per week) (54%), unemployed work-seekers (51%), discouraged work-seekers (50%) and those in retirement (49%), all of whom were more likely to have suffered income shortfalls than students (24%).

**Figure 3: Experienced income shortfall in last year, by personal attributes (percent)**



Furthermore, as one would anticipate, there is a clear gradient of difference in the ability to make ends meet on the basis of household standard of living:

- Those with self-reported low household income reported greater frequency of financial difficulty (59%) than those with self-reported average (32%) and, in turn, high income (16%);
- Those in the poorest quintile of per capita household income had a higher level of financial difficulty (58%) than those in the top two quintiles, while those in the poorest second and third quintiles had significantly higher levels (both 53%) than those in the richest quintile (30%);
- Those with low and medium living standard measure levels were more inclined to report income shortfalls (58% and 52% respectively) than those in the high LSM categories (29%).
- Those in rural, traditional authority areas (52%) and informal urban settlements (48%) were more likely to have recently encountered financial difficulty than those in formal urban areas (39%).

For those that acknowledged financial difficulties during the last 12 months, a follow-up question was asked to understand the range and frequency of different coping strategies that are employed to help get through these times of financial duress. As shown in Table 4, the most common response was to borrow food or money from family or friends, which was reported by around half (49%) of those who were unable

to live within their means. This implies that informal and familial networks matter most for South Africans during hard times. A second common strategy was to scale back on expenditures or to merely do without, which was mentioned by close to third of those (30%) who encountered financial difficulty. No other coping strategy was reported by more than a tenth of respondents.

**Table 4: Coping strategies employed to make ends meet (percentages)**

|                                                                                                                  | South Africa<br>% of responses | South Africa<br>% of cases |
|------------------------------------------------------------------------------------------------------------------|--------------------------------|----------------------------|
| <b>Existing resources:</b>                                                                                       | <b>36</b>                      | <b>47</b>                  |
| Draw money out of savings or transfer savings into current account                                               | 7                              | 9                          |
| Cut back on spending, spend less, do without                                                                     | 23                             | 30                         |
| Sell something that I own                                                                                        | 6                              | 8                          |
| <b>Creating resources:</b>                                                                                       | <b>4</b>                       | <b>5</b>                   |
| Work overtime, earn extra money                                                                                  | 4                              | 5                          |
| <b>Access credit by using existing contacts or resources:</b>                                                    | <b>44</b>                      | <b>57</b>                  |
| Borrow food or money from family or friends                                                                      | 37                             | 49                         |
| Borrow from employer/salary advance                                                                              | 3                              | 4                          |
| Pawn something that I own                                                                                        | 1                              | 2                          |
| Take a loan from my savings and loan clubs                                                                       | 1                              | 2                          |
| Take money out of a flexible home loan account                                                                   | 0                              | 1                          |
| Apply for loan/withdrawal on pension fund                                                                        | 0                              | 0                          |
| <b>Borrow from existing credit line:</b>                                                                         | <b>1</b>                       | <b>1</b>                   |
| Use authorised, arranged overdraft or line of credit                                                             | 0                              | 0                          |
| Use credit card for a cash advance or to pay bills/buy food                                                      | 1                              | 1                          |
| <b>Access additional credit:</b>                                                                                 | <b>4</b>                       | <b>6</b>                   |
| Take out a personal loan from a formal financial service provider (including bank, credit union or microfinance) | 1                              | 1                          |
| Take out a payday loan (advance on salary from someone - not employer)                                           | 0                              | 0                          |
| Take out a loan from an informal provider/moneylender                                                            | 3                              | 5                          |
| <b>Fall behind/go beyond arranged amount:</b>                                                                    | <b>7</b>                       | <b>9</b>                   |
| Use unauthorised overdraft                                                                                       | 0                              | 0                          |
| Pay my bills late; miss payments                                                                                 | 7                              | 9                          |
| <b>Other responses:</b>                                                                                          | <b>4</b>                       | <b>5</b>                   |
| Other                                                                                                            | 1                              | 1                          |
| (Do not know)                                                                                                    | 2                              | 2                          |
| (Refused to answer)                                                                                              | 1                              | 2                          |
| <b>Total</b>                                                                                                     | <b>100</b>                     | <b>131</b>                 |

Clustering the responses together, we find that accessing credit by using pre-existing contacts or resources accounts for 44% of all responses provided, with this category being dominated by the borrowing of food or money from family and friends. Nominal shares mentioned borrowing from employers, the pawning of assets, taking a loan from a savings or loan club, and withdrawing funds from a flexible home loan account. The second major category is the use of existing resources (36% of responses), with cutting back on expenditure or doing without listed as the main sub-

category. Drawing on savings or selling an asset were each mentioned in approximately a tenth of cases. The next largest category of coping strategies was falling behind or going beyond an arranged amount, which accounted for only 7% of all responses provided. Almost all of those in this category indicated that they paid bills late or missed out on payments, with a negligible share using an unauthorised overdraft.

Accessing additional credit and creating new resources both represent 4% of total responses. In the former category, the most frequent action was to take a loan from an informal provider or moneylender, while the latter category consisted solely of working overtime or finding ways of earning extra money. Borrowing from an existing credit line amounted to only 1% of total responses, which is comprised largely of those suggesting they made strategic use of their credit cards to get by. Again, 'don't know' responses and refusals amounted to a relatively small share of answers provided (3% combined).

The results were further analysed by various socio-demographic characteristics of respondents in an attempt to discern notable patterns of divergence in relating to coping strategies employed in times of financial need. The following observations are worth documenting:

- Women were slightly more predisposed than men to report that they depended on their family and social networks (60% versus 54%), whereas men reported a higher reliance on existing resources (55% versus 40%), particularly drawing on savings or scaling back on certain expenditures.
- Black and coloured respondents were most likely to draw on their social networks during tough times, with the use of existing resources playing an important but nonetheless secondary coping mechanism (44% and 49% respectively). Indian and white respondents were far more likely to rely on existing resources (81% and 74% respectively), which is largely attributable to cutting down on spending with some use of savings).
- With respect to educational attainment, those with lower levels of schooling generally tend to rely more on accessing credit via their family and social networks than those with higher education levels. For the latter, drawing down on existing resources serves as the predominant form of coping strategy. For instance, three-quarters (74%) of those with no formal education reportedly rely on credit from their social contacts in times of financial duress, with only a fifth (19%) indicating that they make do with existing resources. The converse applies to those with a university level education, with 73% depending on existing resources and only 26% approaching their family and other contacts for credit. Also interesting is the fact that it is those with higher than a degree level education that are most likely to work overtime to create extra financial resources (24% – nearly five times the national average), while this group is also most inclined to pay their bills late or miss out on payments (21%).

- Those in the top two quintiles of per capita income again appear more likely to rely on existing resources and depend less on their contacts in times of economic need, compared to those at the lower end of the income distribution. A similar trend is evident in relation to living standard measure (LSM).

### 3.2. Personal involvement in money management

Respondents were asked who in their household is responsible for day-to-day decisions concerning the managing of money. Slightly more than a quarter of those interviewed (27%) indicated that they assumed sole personal responsibility for daily money management in the household in which they reside. A further fifth of the people interviewed (22%) managed household finances jointly with their partner, while 15% stated that they performed this task jointly with another member of their family. Therefore, approximately two-thirds of South Africans aged 16 years and older (64%) directly play at least some role in managing the household budget. The remaining third of survey respondents are reliant on other persons for financial planning – a quarter (26%) depends on another family member, with small shares looking to their partner (5%) or a non-family member (3%) to perform this crucial task.

**Table 5: Responsibility for daily household money management (column percentages)**

|                               | South<br>Africa | Male        | Female      | Black       | Coloured   | Indian    | White      |
|-------------------------------|-----------------|-------------|-------------|-------------|------------|-----------|------------|
| You                           | 27              | 25          | 29          | 27          | 27         | 19        | 31         |
| You and your partner          | 22              | 24          | 21          | 18          | 28         | 37        | 42         |
| You and another family member | 15              | 14          | 15          | 16          | 12         | 12        | 10         |
| Your partner                  | 5               | 4           | 6           | 4           | 8          | 5         | 4          |
| Another family member         | 26              | 28          | 25          | 29          | 21         | 25        | 11         |
| Someone else                  | 3               | 3           | 3           | 4           | 1          | 2         | 1          |
| Nobody                        | 1               | 1           | 1           | 1           | 1          | 0         | 1          |
| Don't know                    | 0               | 0           | 0           | 0           | 1          | 0         | 0          |
| Refused                       | 1               | 1           | 1           | 1           | 1          | 0         | 1          |
| Total                         | 100             | 100         | 100         | 100         | 100        | 100       | 100        |
| <b>Weighted base</b>          | <b>3085</b>     | <b>1475</b> | <b>1610</b> | <b>2636</b> | <b>289</b> | <b>89</b> | <b>341</b> |

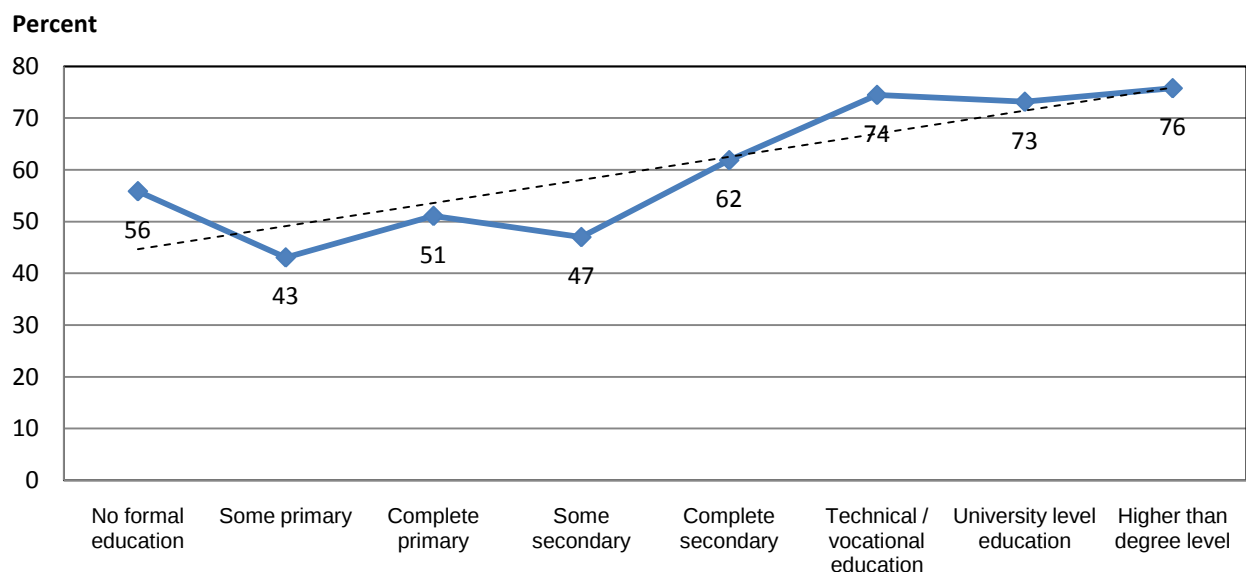
### 3.3. Presence of a household budget

To further explore the nature of financial control, a question was posed on whether respondents had a household budget in order to guide the allocation of funds to spending, saving and paying debts. The presence of a budget is suggestive of a positive awareness relating to financial management (Arrowsmith & Pignal, 2010). As shown in Table 6, the reporting of the existence of a household budget was relatively common (55%), with 37% suggesting otherwise and 8% uncertain or refusing to answer.

**Table 6: Respondents with a household budget (column percentages)**

|                      | South Africa | Male        | Female      | Black       | Coloured   | Indian    | White      |
|----------------------|--------------|-------------|-------------|-------------|------------|-----------|------------|
| Yes                  | 55           | 56          | 54          | 53          | 46         | 70        | 76         |
| No                   | 37           | 35          | 39          | 40          | 44         | 22        | 16         |
| Don't know           | 6            | 7           | 5           | 6           | 7          | 5         | 5          |
| Refused              | 2            | 2           | 2           | 1           | 3          | 4         | 3          |
| Total                | 100          | 100         | 100         | 100         | 100        | 100       | 100        |
| <b>Weighted base</b> | <b>3084</b>  | <b>1475</b> | <b>1609</b> | <b>2366</b> | <b>287</b> | <b>91</b> | <b>340</b> |

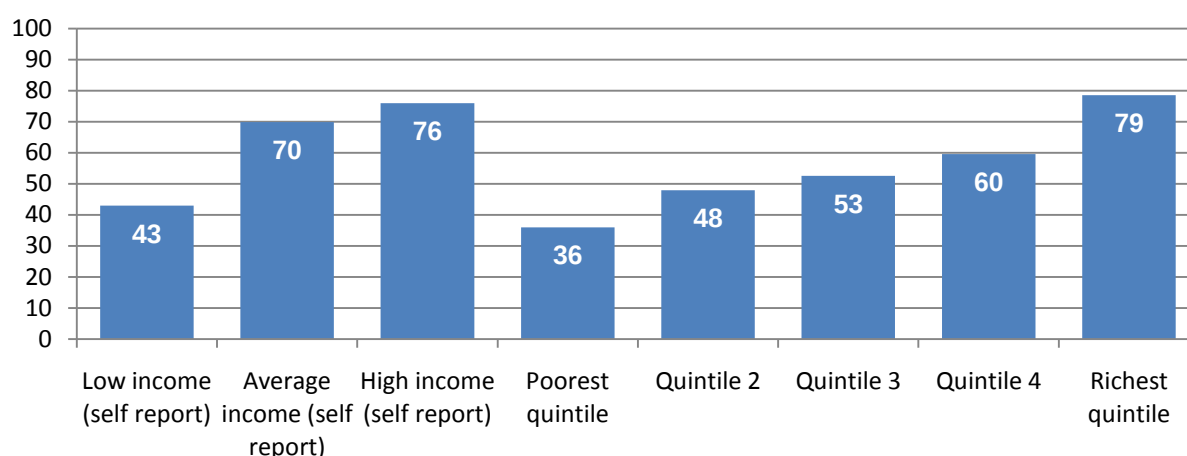
Although there does not emerge a significant gender gap in the presence of a budget, there is a considerable gradient of difference in relation to population group. Coloured and black respondents (46% and 53% respectively) were significantly less likely than white and Indian respondents (76% and 70% respectively) to report that they had a household budget. This finding reflects material disadvantage and social inequalities that continue to characterise South African society. As can be seen from Figure 4, there is a relationship between educational attainment and household budgeting: around three-quarters of those with a tertiary or post-Matric vocational education reported having a household budget, which is at least 20 percentage points higher than those with some secondary education or lower.

**Figure 4: Presence of household budget by level of schooling (percent)**

Labour market participation also informs the probability of having a household budget. Slightly less than two-fifths of unemployed work-seekers (38%) claim to have a budget, with low levels are reported by students (41%) and discouraged work-seekers (43%). Seventy percent or more of those in paid employment, full-time self-employment and retirement were most likely to have a budget, with undertaking

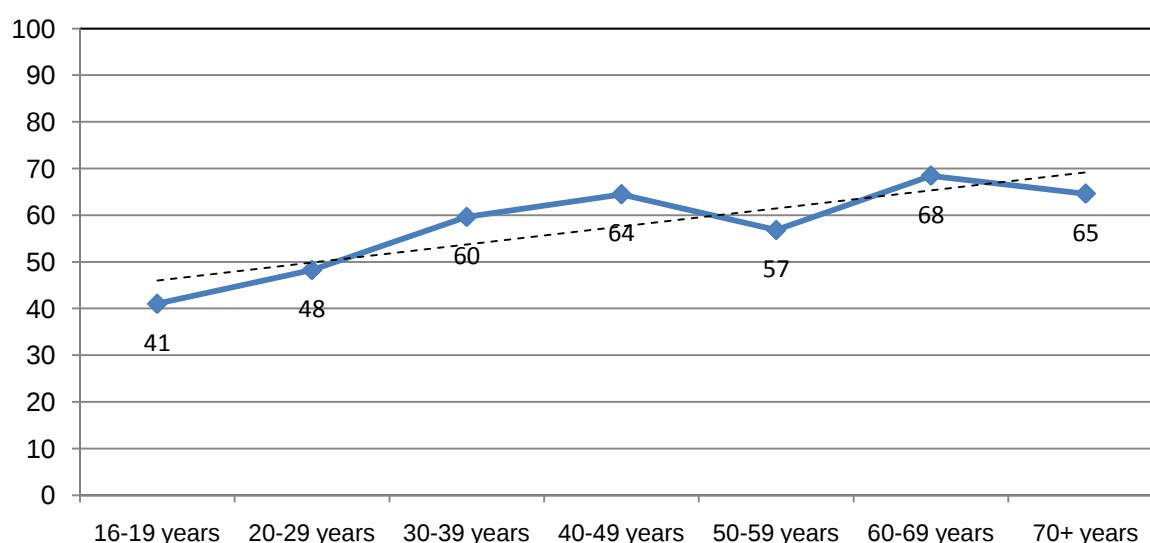
unpaid household work or too sick or ill to work falling in-between the two groups (57% and 59% with a budget respectively).

**Figure 5: Presence of household budget by subjective and objective poverty status (percent)**



From Figure 5 it is readily apparent that income plays a major role in the presence or absence of a budget. An estimated 43% of those self-reporting that they reside in a low-income household, which is 27 percentage points below those classifying themselves as an average income household and 33 percentage points below self-reported high-income households. When looking at quintiles of monthly per capita household income, this pattern is again evident, with 79% of those in the richest quintile stating they have a budget in contrast with 36% of those in the poorest quintile. This socio-economic disparity is further manifest when one examines differences in the presence of a budget by geographic location. Only 40% of those living in informal urban settlements have a budget in comparison with 51% in rural areas and 61% in formal urban areas.

**Figure 6: Presence of household budget by age group (percent)**

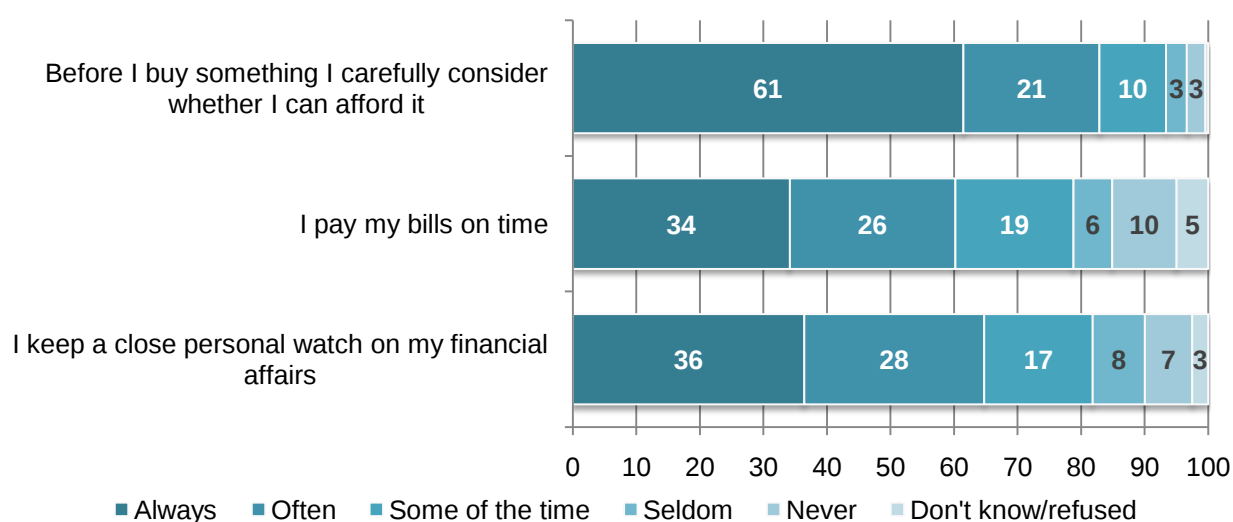


Age is another personal attribute that exhibits a positive relationship with the presence or absence of a budget, suggesting the importance of the life-cycle effects (Figure 6). Individuals aged 16-19 years are least likely to report a household budget, a figure that progressively increases for those in their twenties, thirties and forties. Among 50-59 year-olds, the figure dips slightly, after which the share with a budget increases to 68% among those entering their retirement years – the highest percentage with budgets of all the cohorts. Finally, the share with a budget declines modestly for those aged 70 years and older (65%).

### 3.4. Spendthrifts and savers: Attitudes towards spending and saving

A considerable majority of respondents (61%) acknowledge that, prior to making a purchase, they always carefully consider whether they can afford it, with an additional fifth (21%) suggesting that they do this often. Only a tenth give affordability some thought before making an outlay, with nominal shares reporting that they seldom or never think of the personal financial implications before spending (3% each). Although this is a broadly reassuring message, South Africans tend to be less likely to express that they unfailingly pay their bills on time or constantly keep a close watch over their personal finances. Only about a third of people indicated that they are always diligent in doing these activities (34 and 36% respectively), though admittedly around a fifth do note that they often pay their bills timeously and closely scrutinise their expenses. Close to one in four respondents perform these activities only sometimes, with similar share seldom or never undertaking to control their finances in this manner.

**Figure 7: Attitudes towards control over expenses (percent)**



Another attitudinal item that was incorporated into the survey instrument and aims to further gauge beliefs about spending and financial control asks respondents the extent to which they agree or disagree with the statement that “money is there to be

spent". It would appear that South Africans are polarised in their views in this regard. Some 42% tended to agree with this perspective (with 15% strongly agreeing), 18% were neutral, while 39% tended to disagree (with 18% strongly disagreeing).

To facilitate sub-population differences, the four attitudinal variables described above were combined into a composite "Attitudes to Money Management Scale" (MMS). Where necessary, the responses to the questions were reversed (so that larger scores represent greater financial capability), after which the values to each of the items were summed together and transformed into a 0-100 score, with '0' representing the least positive attitude towards financial control and '100' the most positive attitude. The average score on the MMS scale is 68%, with the scores for sub-populations as well as associated significance test results based on Analysis of Variance (ANOVA) presented in Table 8.

**Table 7: Attitudes to Money Management Scale, by personal attributes (mean scores, 0-100 scale)**

|                                         | Mean score | Oneway ANOVA results |                                                                                                                                                                                                                                                                                                                                                                          |
|-----------------------------------------|------------|----------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                         |            | Significance         | Post-hoc Scheffe test                                                                                                                                                                                                                                                                                                                                                    |
| South Africa                            | 68         |                      |                                                                                                                                                                                                                                                                                                                                                                          |
| Male                                    | 68         | n.s.                 |                                                                                                                                                                                                                                                                                                                                                                          |
| Female                                  | 69         |                      |                                                                                                                                                                                                                                                                                                                                                                          |
| 16-19 years                             | 62         | Sig.                 | <ul style="list-style-type: none"> <li>16-19 &lt; 30+</li> <li>20-29 &lt; 30+</li> </ul>                                                                                                                                                                                                                                                                                 |
| 20-29 years                             | 64         |                      |                                                                                                                                                                                                                                                                                                                                                                          |
| 30-39 years                             | 69         |                      |                                                                                                                                                                                                                                                                                                                                                                          |
| 40-49 years                             | 72         |                      |                                                                                                                                                                                                                                                                                                                                                                          |
| 50-59 years                             | 71         |                      |                                                                                                                                                                                                                                                                                                                                                                          |
| 60-69 years                             | 75         |                      |                                                                                                                                                                                                                                                                                                                                                                          |
| 70+ years                               | 74         |                      |                                                                                                                                                                                                                                                                                                                                                                          |
| Black African                           | 67         | Sig.                 | <ul style="list-style-type: none"> <li>Black &lt; Indian, white</li> <li>Coloured &lt; Indian, white</li> </ul>                                                                                                                                                                                                                                                          |
| Coloured                                | 68         |                      |                                                                                                                                                                                                                                                                                                                                                                          |
| Indian                                  | 75         |                      |                                                                                                                                                                                                                                                                                                                                                                          |
| White                                   | 78         |                      |                                                                                                                                                                                                                                                                                                                                                                          |
| Higher than degree level                | 80         | Sig.                 | <ul style="list-style-type: none"> <li>No education &lt; higher than degree;</li> <li>Some primary &lt; higher than degree, technical/vocational, complete secondary;</li> <li>Complete primary &lt; higher than degree, technical/vocational</li> <li>Some secondary &lt; higher than degree, technical/vocational, complete secondary</li> </ul>                       |
| University level education              | 73         |                      |                                                                                                                                                                                                                                                                                                                                                                          |
| Technical / vocational                  | 75         |                      |                                                                                                                                                                                                                                                                                                                                                                          |
| Complete secondary                      | 70         |                      |                                                                                                                                                                                                                                                                                                                                                                          |
| Some secondary                          | 66         |                      |                                                                                                                                                                                                                                                                                                                                                                          |
| Complete primary                        | 66         |                      |                                                                                                                                                                                                                                                                                                                                                                          |
| Some primary                            | 64         |                      |                                                                                                                                                                                                                                                                                                                                                                          |
| No formal education                     | 67         |                      |                                                                                                                                                                                                                                                                                                                                                                          |
| Self employed (30 hours+/week)          | 76         | Sig.                 | <ul style="list-style-type: none"> <li>Student &lt; self-employed (30+ hours), paid employment (30+ hours) , paid employment (&lt;30+ hours) , retired</li> <li>Looking for work &lt; self-employed (30+ hours), paid employment (30+ hours) , retired</li> <li>Not working, not looking &lt; self-employed (30+ hours), paid employment (30+ hours), retired</li> </ul> |
| Paid employment (30 hours+/week)        | 72         |                      |                                                                                                                                                                                                                                                                                                                                                                          |
| Paid employment (<30 hours/week)        | 71         |                      |                                                                                                                                                                                                                                                                                                                                                                          |
| Looking for work                        | 63         |                      |                                                                                                                                                                                                                                                                                                                                                                          |
| Looking after the home                  | 70         |                      |                                                                                                                                                                                                                                                                                                                                                                          |
| Unable to work (sickness / ill-health ) | 70         |                      |                                                                                                                                                                                                                                                                                                                                                                          |
| Retired                                 | 74         |                      |                                                                                                                                                                                                                                                                                                                                                                          |
| Student                                 | 61         |                      |                                                                                                                                                                                                                                                                                                                                                                          |
| Not working, not looking                | 65         |                      |                                                                                                                                                                                                                                                                                                                                                                          |

With regard to personal attributes, although there was not a significant difference in attitude to money management between men and women, age and population differences were statistically significant. More specifically, those aged 16-19 years and 20-29 years both reported lower MMS scores than older age groups. Black and coloured respondents also exhibited significantly lower scores (67 and 68% respectively) compared to white and Indian respondents (78 and 75% respectively). Educational attainment is shown to be a salient factor underlying beliefs about financial control, with those with less than a Matric level education all exhibiting lower MMS scores than those with a higher than degree level education. Those with some primary education, a complete primary education or some secondary schooling all displayed significantly lower MMS scores than those with a technical or vocational education beyond secondary school level, while those with some primary and some secondary schooling were also scored below those who have matriculated. From a class perspective, one's work situation matters for how one responds to the sub-components of the money management attitudes scale. Students, unemployed work-seekers and discouraged work-seekers (unemployed, not looking for work) have the lowest MMS scores, all of which are significantly below those reported by the self-employed (working 30+ hours per week), the retired, and those in paid employment (working 30+ hours per week)

**Table 8: Attitudes to Money Management Scale, by household-level material deprivation (mean scores, 0-100 scale)**

|                         | Mean score | Oneway ANOVA results |                                                                                                  |
|-------------------------|------------|----------------------|--------------------------------------------------------------------------------------------------|
|                         |            | Significance         | Post-hoc Scheffe test                                                                            |
| Low income              | 65         | Sig.                 | • Low income < average, high self-reported income                                                |
| Average income          | 72         |                      |                                                                                                  |
| High income             | 75         |                      |                                                                                                  |
| Poorest quintile        | 64         | Sig.                 | • Poorest quintile < Q4, richest quintile;<br>• Q2 < richest quintile<br>• Q3 < richest quintile |
| Quintile 2              | 68         |                      |                                                                                                  |
| Quintile 3              | 68         |                      |                                                                                                  |
| Quintile 4              | 71         |                      |                                                                                                  |
| Richest quintile        | 74         |                      |                                                                                                  |
| Low LSM                 | 59         | Sig.                 | • All mean scores are significantly different                                                    |
| Medium LSM              | 67         |                      |                                                                                                  |
| High LSM                | 74         |                      |                                                                                                  |
| Urban formal            | 69         | Sig.                 | • Urban informal < urban formal                                                                  |
| Urban informal          | 66         |                      |                                                                                                  |
| Rural trad. auth. areas | 67         |                      |                                                                                                  |
| Rural farmworker HH     | 69         |                      |                                                                                                  |

Several measures of household material living standard included in the survey all emerge as significantly correlated with attitudes to financial control (Table 8). Respondents reporting that their household has a low income had on average significantly lower MMS scores than those reporting that their household is characterised by an average or high income. Those in the poorest quintile of per capita household income similarly had lower MMS scores than those in the richest and second richest quintiles. Similarly, those in quintiles 2 and 3 had lower scores compared to those categorised into the richest quintile. Further evidence on the

class divide in views on financial control can be found when examining the results by living standard measure (LSM) classification, with those in the low LSM categories (LSM 1-3) having a lower MMS score than those in the middle LSM categories (LSM 4-6), who in turn displayed a lower score than those in the high LSM categories (LSM 7-10). The spatial inequalities in these attitudes are not especially pronounced, with MMS scores ranging between 66 and 69%, based on one's geographic location. Nonetheless, significance tests revealed that those residing in informal settlements performed poorer in general, relative to those in formal urban areas.

## 4. Financial Planning

It is a fair assumption that financially literate and capable people in general would, as far as is possible, try to make suitable provisions for their future in order to reduce the impact of unforeseen adverse circumstances or alternatively for planned life events (purchasing a car, paying for lobola and other wedding expenses, or the eventuality of retirement). In this section we therefore explore the recent saving behaviour of South Africans as well as their attitudes about saving.

### 4.1. Recent saving behaviour

When asked about personal savings in the year prior to being interviewed, paying money into a savings account emerges as the most popular form of saving among South Africans, with almost a third (32%) of adults aged 16 years and older using a savings account to provide for future needs. In addition, 17% stated that they try and build up a balance of money in their bank accounts. One of the most popular forms of saving is by informally saving cash at home or carrying it wallets. Nearly a quarter of South Africans (22%) declared that they are saving money in this way. Almost a tenth (9%) gives money to their families as a form of saving. A similar proportion (9%) uses a *stokvel* or some other informal savings club to save money. Only two percent of South Africans invest in trusts, stocks, shares, livestock or property as a form of saving.

**Table 9: Forms of savings during the last year (percentages, multiple response table)**

|                                                                                                            | Frequency<br>(weighted) | Percent of<br>responses | Percent of<br>cases |
|------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|---------------------|
| Building up a balance of money in your bank account                                                        | 513                     | 14                      | 17                  |
| Paying money into a savings account                                                                        | 994                     | 27                      | 32                  |
| Saving cash at home or in your wallet                                                                      | 684                     | 18                      | 22                  |
| Giving money to family to save on your behalf                                                              | 285                     | 8                       | 9                   |
| Saving in a <i>stokvel</i> or any other informal savings club                                              | 282                     | 8                       | 9                   |
| Buying financial investment products, other than pension funds [e.g. investment trusts, stocks and shares] | 90                      | 2                       | 3                   |
| Or saving in some other way (including remittances, buying livestock or property)                          | 61                      | 2                       | 2                   |
| (Do not know)                                                                                              | 298                     | 8                       | 10                  |
| (Refused to answer)                                                                                        | 432                     | 12                      | 14                  |
| (None of the above)                                                                                        | 61                      | 2                       | 2                   |
| Total                                                                                                      | 3700                    | 100                     | 120                 |

Of some concern for the accuracy of the results is the high level of non-response to the savings question. A tenth of respondents were uncertain about whether they had saved in the past year, with a further 14% refusing to answer and 2% failing to circle any of the forms of saving. At this juncture, one can only speculate as to whether this

non-response is related to a general unwillingness to respond due to the sensitivity of divulging information in response to income and asset related questions, a reflection of stigma associated with poverty and an inability to save (especially for the unemployed), methodological challenges and the need for additional response codes or filters, or a combination of these and factors. In further analysing the INFE comparative pilot data and refining the module, it is recommended that additional analysis be conducted to examine these patterns of non-response and identify ways of minimising it.

**Table 10: Forms of savings in the last year by socio-demographic variables (Percentage based on cases)**

|                         | Pay money<br>into savings<br>account | Save cash<br>at home or<br>in wallet | Building up<br>a bank<br>balance | Give money<br>to family to<br>save | Save in<br>stokvel | Investment<br>products | (Don't<br>Know/<br>Refused) | (None<br>of the<br>above) |
|-------------------------|--------------------------------------|--------------------------------------|----------------------------------|------------------------------------|--------------------|------------------------|-----------------------------|---------------------------|
| South Africa            | 32                                   | 22                                   | 17                               | 9                                  | 9                  | 3                      | 24                          | 2                         |
| Male                    | 35                                   | 22                                   | 20                               | 8                                  | 6                  | 4                      | 23                          | 2                         |
| Female *                | 30                                   | 22                                   | 17                               | 8                                  | 7                  | 2                      | 28                          | 2                         |
| 16-19                   | 23                                   | 30                                   | 12                               | 11                                 | 6                  | 0                      | 31                          | 2                         |
| 20-29                   | 34                                   | 23                                   | 18                               | 9                                  | 8                  | 2                      | 24                          | 2                         |
| 30-39                   | 38                                   | 20                                   | 23                               | 8                                  | 9                  | 3                      | 20                          | 3                         |
| 40-49                   | 36                                   | 19                                   | 21                               | 5                                  | 7                  | 5                      | 26                          | 2                         |
| 50-59                   | 28                                   | 21                                   | 17                               | 10                                 | 4                  | 4                      | 29                          | 2                         |
| 60-69                   | 26                                   | 22                                   | 15                               | 7                                  | 5                  | 4                      | 32                          | 2                         |
| 70+ *                   | 24                                   | 22                                   | 18                               | 7                                  | 3                  | 1                      | 34                          | 1                         |
| Black African           | 33                                   | 24                                   | 15                               | 10                                 | 11                 | 2                      | 24                          | 2                         |
| Coloured                | 28                                   | 22                                   | 13                               | 5                                  | 2                  | 2                      | 36                          | 2                         |
| Indian or Asian         | 27                                   | 23                                   | 29                               | 9                                  | 0                  | 5                      | 29                          | 2                         |
| White *                 | 41                                   | 11                                   | 33                               | 3                                  | 1                  | 9                      | 21                          | 3                         |
| Higher than degree      | 40                                   | 15                                   | 39                               | 4                                  | 1                  | 9                      | 19                          | 4                         |
| University level        | 43                                   | 13                                   | 38                               | 4                                  | 6                  | 13                     | 11                          | 2                         |
| Technical/vocational    | 51                                   | 15                                   | 31                               | 2                                  | 6                  | 8                      | 15                          | 3                         |
| Complete secondary      | 39                                   | 20                                   | 22                               | 7                                  | 7                  | 4                      | 21                          | 2                         |
| Some secondary          | 29                                   | 24                                   | 14                               | 8                                  | 7                  | 1                      | 29                          | 1                         |
| Complete primary        | 18                                   | 30                                   | 8                                | 13                                 | 6                  | 1                      | 38                          | 2                         |
| Some primary            | 21                                   | 25                                   | 11                               | 11                                 | 8                  | 1                      | 33                          | 2                         |
| No education *          | 9                                    | 24                                   | 4                                | 11                                 | 7                  | 0                      | 46                          | 2                         |
| Low                     | 20                                   | 30                                   | 4                                | 12                                 | 6                  | 0                      | 33                          | 2                         |
| Medium                  | 28                                   | 25                                   | 12                               | 9                                  | 9                  | 1                      | 29                          | 2                         |
| High *                  | 39                                   | 17                                   | 28                               | 6                                  | 5                  | 6                      | 21                          | 2                         |
| Urban, formal           | 34                                   | 18                                   | 23                               | 6                                  | 4                  | 4                      | 27                          | 2                         |
| Urban, informal         | 33                                   | 22                                   | 14                               | 10                                 | 10                 | 1                      | 28                          | 2                         |
| Rural trad. auth. areas | 27                                   | 28                                   | 11                               | 12                                 | 12                 | 1                      | 27                          | 3                         |
| Rural, formal *         | 32                                   | 35                                   | 8                                | 8                                  | 9                  | 2                      | 20                          | 2                         |

Note: <sup>n.s.</sup> means that the differences in mean scores are not statistically significant based on ANOVA testing, while \* indicates that the differences in mean scores are significant different at the 5 percent level ( $p < 0.05$ ).

Turning attention to sub-group analysis, from Table 10 it is apparent that males tend to utilise savings accounts and bank accounts more than females. In terms of generational differences in saving behaviour, those aged 16-19 years are most inclined relative to older cohorts to save money at home or in their wallets (30%) or by giving it to their family (probably parents) (11%). Those in their 30s and 40s are most likely to save money by making use of savings accounts or other bank accounts. Those aged 16-19 years and older than 60 years are also most likely to exhibit the highest levels of non-response (more than 30%). This may again reflect either no or insufficient income with which to save. African respondents are more predisposed than the other population groups to make use of informal saving methods. They are more likely to give money to family and use *stokvels* as a way of saving. In contrast, white respondents are more inclined to use formalised products such as bank accounts and financial investment products, such as stocks and bonds, as a form of savings. More than half (56%) of the Indian respondents were likely to use bank accounts as a form of saving, while a similar share (9%) as African respondents provides money to family members as a form of saving. More than a third of coloured respondents (36%) did not want to comment or expressed uncertainty about whether they had saved money in the past year.

There is a broadly positive association between educational attainment and the recent use of more formal savings products such as bank accounts, stocks, bonds and shares. Less educated people tend to rely more on informal saving measures, especially saving money at home or giving it to family members. Those with the no formal education are also much less certain or willing to divulge whether they are saving money relative to those with higher education levels. Those residing in households with high living standards (high LSM) are more likely to utilise formal savings products while those from households with low living standards (low LSM) are more likely to use informal ways of saving. In formal urban areas, bank accounts are the most popular form of savings, whereas a third of residents in informal urban settlements use savings accounts to save money, but a sizeable proportion (22%) save money at home, 10% give money to family members and 10% save by using informal savings products such as *stokvels*. More than half of the people that live in rural traditional authority areas use informal ways of saving money –with more than a quarter of people (28%) putting money away in their wallets or stashing it at home, 12% given it to family members and 12% putting it into a *stokvel*. A similar informal saving pattern is noted for those living on rural commercial farms.

#### **4.2. Planning for financial emergencies**

The preceding section established that a considerable share of South African adults report that they have invested in at least one form of savings. However, it is equally important to assess the extent to which such provisions are perceived to be adequate enough to ensure that, beyond meeting daily needs, one is able to continue making ends meet in the face of financial shocks or emergencies. To this

end, respondents were asked the following: “If you lost your main source of income, how long could you continue to cover your living expenses for, without borrowing any money or moving house?” As can be seen from the replies in Table 11, a fairly notable share (15%) of respondents felt they did not know how long they could manage for if they were to lose their principal income source. A similar proportion (14%) indicated that they would not be able to manage for even a week, while a further fifth (20%) thought they could last between a week and a month. The largest group (25%) felt they could manage between one and three months. Around a tenth of respondents (11%) each felt they could last ‘between three and six months’ and ‘more than six months’. On the whole, these findings suggest that a majority of South Africans only have small reserves that they would be able to draw upon in the face of an unanticipated loss of income before they would be forced to rely on other forms of coping strategy.

**Table 11: Length of time respondent could make ends meet (column percentages)**

| <b>Length of time could continue making ends meet if lost main income source</b> | <b>All respondents</b> |
|----------------------------------------------------------------------------------|------------------------|
| Less than a week                                                                 | 14                     |
| At least a week, but not one month                                               | 20                     |
| At least one month, but not three months                                         | 25                     |
| At least three months, but not six months                                        | 11                     |
| More than six months.                                                            | 11                     |
| (Do not know)                                                                    | 15                     |
| (Refused to answer)                                                              | 5                      |
| Total                                                                            | 100                    |
| <b>Weighted base</b>                                                             | <b>3060</b>            |

In order to understand who the most vulnerable are in terms of being able to sustain themselves financially over a period of time in the event of losing their principal income source, subgroup analysis was performed on key socio-demographic variables. The following results were noted:

- Women are more vulnerable and would be able to sustain themselves for a shorter period of time than men.
- In terms of age groups, 16-19 year-olds would be able to sustain themselves for the shortest time period, whilst 30-59 year-olds would be able to sustain themselves for the longest.
- White respondents would be able to sustain themselves the longest, followed in turn by Indian, African and coloured respondents. Of all population groups, coloured respondents seem to be the most financially vulnerable and would be able to sustain themselves for the shortest time.
- With respect to household living standards, the lower the living standard measure (LSM) score, the shorter the period that people would be able to sustain themselves. Those with the highest LSM would therefore be able to sustain themselves the longest.
- Those with the highest educational attainment would be able to sustain themselves much longer than those with low educational attainment.

- People in urban areas are less vulnerable than people in rural areas. People in formal urban areas would be able to sustain themselves the longest, followed by people in informal urban settlements, rural traditional authority areas and residents on commercial rural farms.
- Interestingly, people in the Northern Cape would be able to sustain themselves the longest whilst people in the Eastern Cape, Free State and Mpumalanga appear to be the most vulnerable.

### 4.3. Attitudes to planning ahead

A set of questions were also included as part of the financial planning domain, in order to capture the attitudes of South Africans toward financial planning. Interviewers asked respondents to record their level of agreement or disagreement to several statements, with five response options provided. In the OECD INFE core questions document, respondents were asked to rate their agreement on a 5-point end-defined response scale, ranging from 1 (completely agree) to 5 (completely disagree). In the South African case, labels were provided for each response option, such that the measure approximated to a five-point Likert scale.

As Table 12 suggests, a majority of people in the country aged 16 years and older (47%) disagreed with the statement that ‘I find it more satisfying to spend money than to save it for the long term’, while 39% agree and 14% are neutral. This indicates that while the largest group believe that investing in the future is more fulfilling than spending, there is still a considerable share that believes spending is a more pleasurable pursuit than putting money away for a rainy day. An even greater share (59%) disagreed that they tend to live for today and let tomorrow take care of itself, with a quarter (26%) voicing their assent and 14% again neutral.

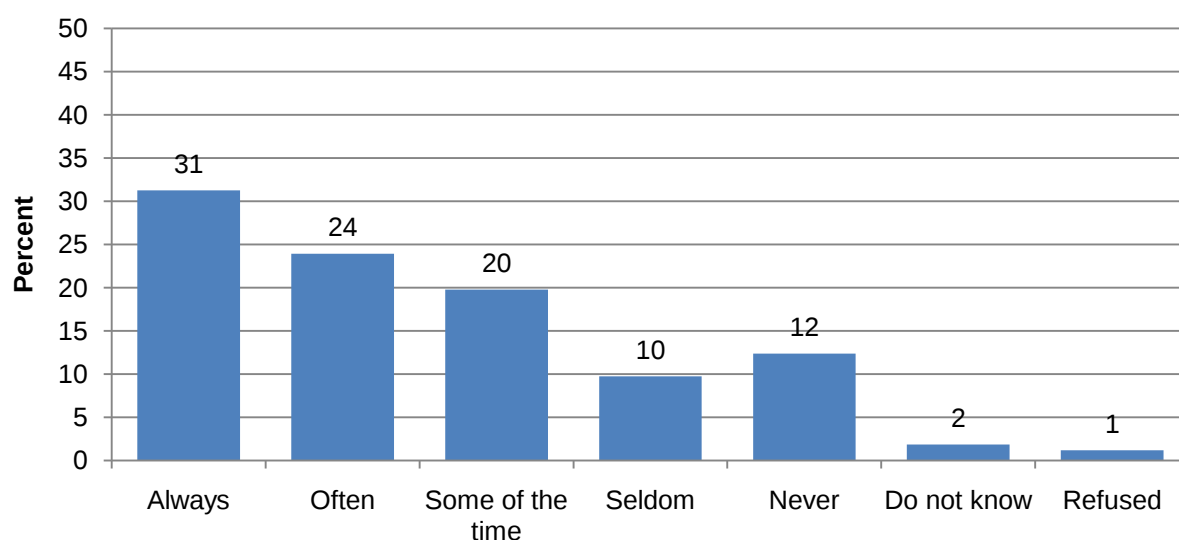
**Table 12: Responses to attitude statements about financial planning (column percentages)**

|                      | I find it more satisfying to spend money<br>than to save it for the long term | I tend to live for today and let<br>tomorrow take care of itself |
|----------------------|-------------------------------------------------------------------------------|------------------------------------------------------------------|
| Completely agree     | 12                                                                            | 7                                                                |
| Agree                | 27                                                                            | 19                                                               |
| Neither nor          | 14                                                                            | 14                                                               |
| Disagree             | 28                                                                            | 35                                                               |
| Completely disagree  | 19                                                                            | 24                                                               |
| (Do not know)        | 1                                                                             | 0                                                                |
| (Refused)            | 0                                                                             | 0                                                                |
| Total                | 100                                                                           | 100                                                              |
| <b>Weighted base</b> | <b>3076</b>                                                                   | <b>3072</b>                                                      |

A third attitudinal statement posed to respondents stated, ‘I set long-term financial goals and work hard to achieve them’, with response options on a five-point Likert scale ranging from 1 (always) to 5 (never), with those who didn’t know or refused also identified in the coding for the question. As illustrated in Figure 8, the majority of South Africans indicate that they are predisposed towards establishing and attaining

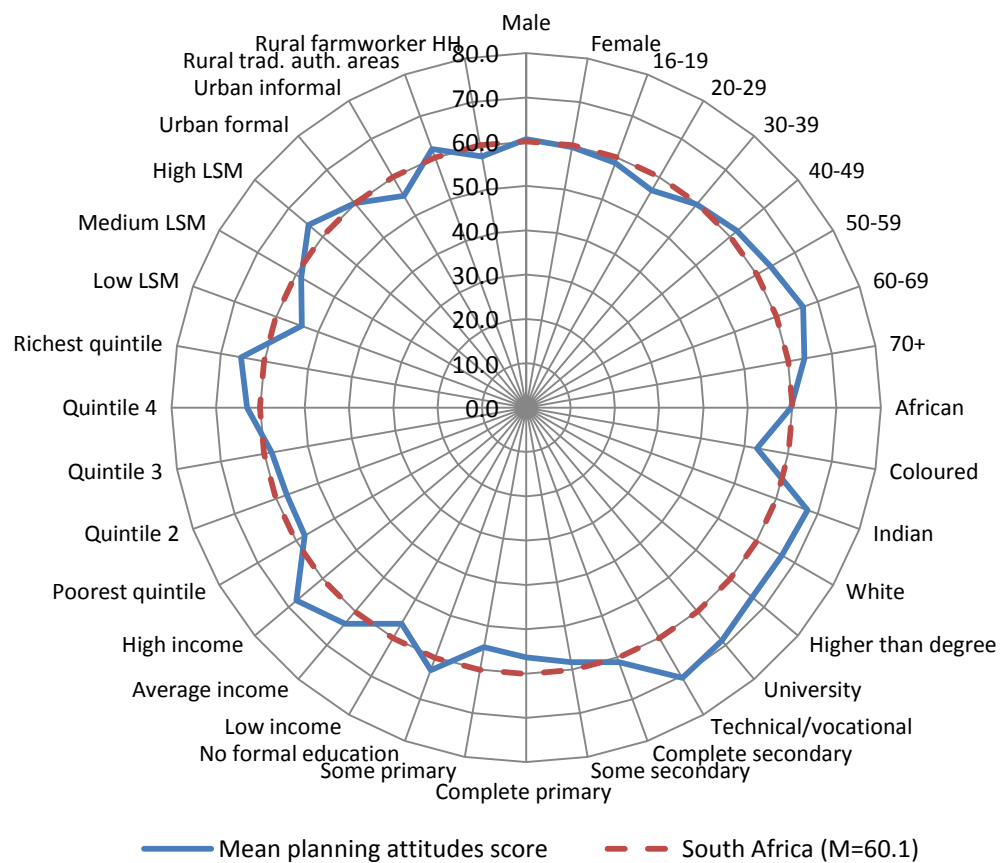
long-term financial plans for themselves. More than half (55%) of respondents self-report that they engage in such financial planning either always or often. A fifth (20%) sets and pursues long-term financial goals sometimes, with 22% doing so seldom or never.

**Figure 8: Frequency with which respondents set long-term financial goals and work hard to achieve them (percent)**



To better understand the personal attributes associated with attitudes to planning ahead, responses to these three attitudinal items were combined into a composite index and then transformed into a 0-100 scale, where high scores represent a predisposition towards planning for the long term, while low scores indicate a greater tendency to emphasise spending over saving. Looking at the radar diagram in Figure 9 it is evident that younger South Africans, especially those in their late teens, 20s and 30s, are less likely to attach importance to the idea of planning ahead than those of pensionable age. Also, those currently in their 20s reported lower mean scores than those in their 40s and 50s. As for population group differentials in attitudes, coloured respondents were significantly less likely compared to other respondents to favour long term financial planning, while African respondents also scored lower on average than Indian and white respondents. In terms of education level, those with university qualifications or vocational/technical education were more likely to prioritise long-term saving over short-term spending than those with primary and secondary level education. Also interesting is the finding that those with no formal education are also more likely than the average South African to stress long-term planning. Unemployed work-seekers and students were less likely than those in regular self-employment to voice favourable views on planning ahead.

**Figure 9: Attitudes towards planning ahead (mean score using a 0-100 scale)**



Note: See Appendix Table 1 and

Appendix Table 2 for the specific mean score values presented in the figure above, as well as the post hoc ANOVA significance test results.

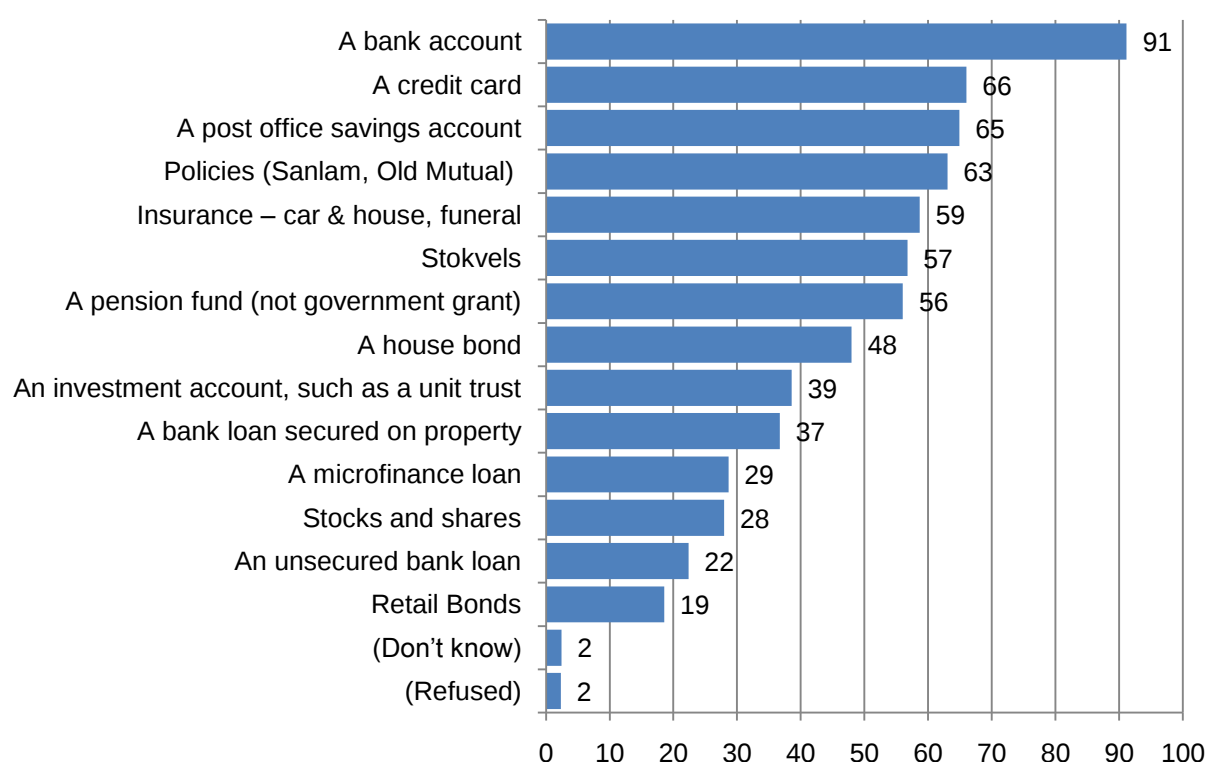
In terms of the relationship between material disadvantage and attitudes to long-term planning, those living in self-reported low income households were more inclined to spending than saving for the long-term than those living in households with perceived average or high income. Those in the poorest three income quintiles were also less placed less emphasis on planning ahead than those in the top two income quintiles. A similar positive association is observed between living standard level and attitudes to planning ahead. Finally, people in informal urban settlements had lower mean scores on the attitude index relative to those residing in rural traditional authority areas and formal urban areas.

## 5. Choosing financial products

### 5.1. Awareness of financial products

Respondents were read out a list of fourteen products by the interviewer and requested to say which of them they had heard of before. On average, respondents were aware of seven ( $M=6.90$ ) of the different types of products,<sup>1</sup> with only a nominal share indicating that they had not heard of any of the products (3%). As shown in Figure 10, the most common financial product that South Africans are aware of is a bank account, mentioned by 91%. There is a notable 25 percentage point difference in level of awareness between a bank account and the second most common product, namely a credit card, which is known by two-thirds (66%) of respondents. This is followed closely by a post office savings account (65%) and policies such as those offered by Sanlam or Old Mutual (63%). Other products which were familiar to more than half of the surveyed population were insurance (such as home content insurance, car insurance and funeral insurance), *stokvels*, and a private pension fund.

**Figure 10: Level of awareness of different financial products (cell percentages)**



There was generally much lower knowledge of the other items, with the exception of a house bond which was known by marginally less than half of respondents (48%). Investment accounts such as unit trusts, as well as bank loans secured on property, were known by between 30 and 40% of South Africans, while between 25 and 30%

<sup>1</sup> This mean awareness of financial products score excludes the two percent that refused to answer the question.

of people knew of microfinance loans and stocks and shares. The least known of the products listed were retail bonds and unsecured bank loans.

**Table 13: Number of product types aware of, by personal attributes (mean scores, 0-14 scale)**

|                                         | Mean score | Oneway ANOVA results |                                                                                                                                                                                                                                                                                                                                                |
|-----------------------------------------|------------|----------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                         |            | Significance         | Post-hoc Scheffe test                                                                                                                                                                                                                                                                                                                          |
| South Africa                            | 6.9        |                      |                                                                                                                                                                                                                                                                                                                                                |
| Male                                    | 7.2        | **                   | • Female < male                                                                                                                                                                                                                                                                                                                                |
| Female                                  | 6.6        |                      |                                                                                                                                                                                                                                                                                                                                                |
| 16-19 years                             | 6.8        | *                    | • 70+ < 30-39, 40-49                                                                                                                                                                                                                                                                                                                           |
| 20-29 years                             | 6.9        |                      |                                                                                                                                                                                                                                                                                                                                                |
| 30-39 years                             | 7.2        |                      |                                                                                                                                                                                                                                                                                                                                                |
| 40-49 years                             | 7.2        |                      |                                                                                                                                                                                                                                                                                                                                                |
| 50-59 years                             | 6.7        |                      |                                                                                                                                                                                                                                                                                                                                                |
| 60-69 years                             | 6.7        |                      |                                                                                                                                                                                                                                                                                                                                                |
| 70+ years                               | 5.8        |                      |                                                                                                                                                                                                                                                                                                                                                |
| Black African                           | 6.2        | **                   | • All mean scores are significantly different                                                                                                                                                                                                                                                                                                  |
| Coloured                                | 7.4        |                      |                                                                                                                                                                                                                                                                                                                                                |
| Indian                                  | 9.2        |                      |                                                                                                                                                                                                                                                                                                                                                |
| White                                   | 10.3       |                      |                                                                                                                                                                                                                                                                                                                                                |
| Higher than degree level                | 9.5        | **                   | <ul style="list-style-type: none"> <li>• No education, some primary &lt; some secondary and all higher categories</li> <li>• Complete primary, some secondary &lt; complete secondary and all higher categories</li> <li>• Complete secondary &lt; higher than degree, technical/vocational</li> </ul>                                         |
| University level education              | 9.7        |                      |                                                                                                                                                                                                                                                                                                                                                |
| Technical / vocational                  | 9.2        |                      |                                                                                                                                                                                                                                                                                                                                                |
| Complete secondary                      | 7.8        |                      |                                                                                                                                                                                                                                                                                                                                                |
| Some secondary                          | 6.6        |                      |                                                                                                                                                                                                                                                                                                                                                |
| Complete primary                        | 5.4        |                      |                                                                                                                                                                                                                                                                                                                                                |
| Some primary                            | 4.5        |                      |                                                                                                                                                                                                                                                                                                                                                |
| No formal education                     | 3.7        |                      |                                                                                                                                                                                                                                                                                                                                                |
| Self-employed (30 hours+/week)          | 8.6        | **                   | <ul style="list-style-type: none"> <li>• Not working, not looking &lt; self-employed (30+ hours), paid employment (30+ hours) , paid employment (&lt;30+ hours) , retired, student</li> <li>• Unable to work &lt; self-employed (30+ hours)</li> <li>• Looking for work &lt; self-employed (30+ hours), paid employment (30+ hours)</li> </ul> |
| Paid employment (30 hours+/week)        | 7.7        |                      |                                                                                                                                                                                                                                                                                                                                                |
| Paid employment (<30 hours/week)        | 7.4        |                      |                                                                                                                                                                                                                                                                                                                                                |
| Looking for work                        | 6.3        |                      |                                                                                                                                                                                                                                                                                                                                                |
| Looking after the home                  | 7.1        |                      |                                                                                                                                                                                                                                                                                                                                                |
| Unable to work (sickness / ill-health ) | 6.1        |                      |                                                                                                                                                                                                                                                                                                                                                |
| Retired                                 | 7.0        |                      |                                                                                                                                                                                                                                                                                                                                                |
| Student                                 | 7.0        |                      |                                                                                                                                                                                                                                                                                                                                                |
| Not working, not looking                | 5.2        |                      |                                                                                                                                                                                                                                                                                                                                                |

Note: \*\* indicates significance at the 1 percent level.

\* indicates significance at the 5 percent level.

In Table 13, the average level of product awareness is presented based on different personal attributes of the survey respondents. Men were generally more knowledgeable than women, and although there was not a linear association between awareness and age, those 70 years and older were familiar with fewer products on average (5.8) than those aged 30-39 years and 40-49 years (both 7.2). A strong gradient of difference emerges in relation to population groups, with white South Africans aware on average of four more products than African respondents (10.3 compared with 6.2). The reason for this racial difference in awareness of financial products appears to be due to socio-economic inequalities, especially

educational attainment and employment status. Those with no formal education or some primary schooling were significantly less aware of financial products (3.7 and 4.5 respectively) than those with higher levels of education (e.g. 9.7 for those a tertiary education). Similarly, those in regular self-employment and paid employment were more likely than discouraged work-seekers and unemployed work-seekers to have heard of a greater range of financial products (8.6 and 7.7 compared to 6.3 and 5.2 respectively).

**Table 14: Number of product types aware of, by household-level material deprivation (mean scores, 0-14 scale)**

|                         | Mean score | Oneway ANOVA results |                                                                                                                                                |
|-------------------------|------------|----------------------|------------------------------------------------------------------------------------------------------------------------------------------------|
|                         |            | Significance         | Post-hoc Scheffe test                                                                                                                          |
| Low income              | 5.6        | **                   | • All mean scores are significantly different                                                                                                  |
| Average income          | 8.2        |                      |                                                                                                                                                |
| High income             | 9.4        |                      |                                                                                                                                                |
| Poorest quintile        | 5.5        | **                   | • All mean scores significantly different, except differences between poorest quintile and Q2, and poorest quintile and Q3.                    |
| Quintile 2              | 5.0        |                      |                                                                                                                                                |
| Quintile 3              | 6.1        |                      |                                                                                                                                                |
| Quintile 4              | 7.3        |                      |                                                                                                                                                |
| Richest quintile        | 9.4        |                      |                                                                                                                                                |
| Low LSM                 | 3.6        | **                   | • All mean scores are significantly different                                                                                                  |
| Medium LSM              | 6.2        |                      |                                                                                                                                                |
| High LSM                | 9.0        |                      |                                                                                                                                                |
| Urban formal            | 7.9        | **                   | • Urban informal < urban formal<br>• Rural, traditional authority areas < urban formal<br>• Rural farmworker HH < urban formal, urban informal |
| Urban informal          | 6.1        |                      |                                                                                                                                                |
| Rural trad. auth. areas | 5.6        |                      |                                                                                                                                                |
| Rural farmworker HH     | 4.9        |                      |                                                                                                                                                |

Note: \*\* indicates significance at the 1 percent level.

\* indicates significance at the 5 percent level.

This class-based association between financial product awareness is again manifest when examining results on the basis of household-level indicators of material disadvantage (Table 14). Those with self-reported low income have a significantly lower level of awareness (5.6) than those classifying their households in turn as average income (8.2) or high income (9.4). Those in the poorest three quintiles of per capita household income are less aware than those in the top two quintiles. The same is found for living standards level, with those with a low living standard less aware than those with medium and high living standards. Finally, in terms of spatial inequalities, those in formal urban areas were more likely to demonstrate higher product type awareness than those in rural areas and informal urban settlements.

## 5.2. Product holding and purchase

Having examined levels of knowledge concerning different (largely formal sector) financial products among South Africans aged 16 years and older, respondents were then asked which, if any, of the products they currently held at the time of interview. This helps to construct a general picture of levels of access to financial services in the country. Although a sizable share (20%) indicated that they possessed none of the fourteen financial products listed and 5% refused to answer, 75% of respondents stated that they possessed at least one of them, with respondents on average holding two ( $M=1.78$ ) of the different types of products.

**Table 15: Financial products held and chosen in last two years (cell percentages)**

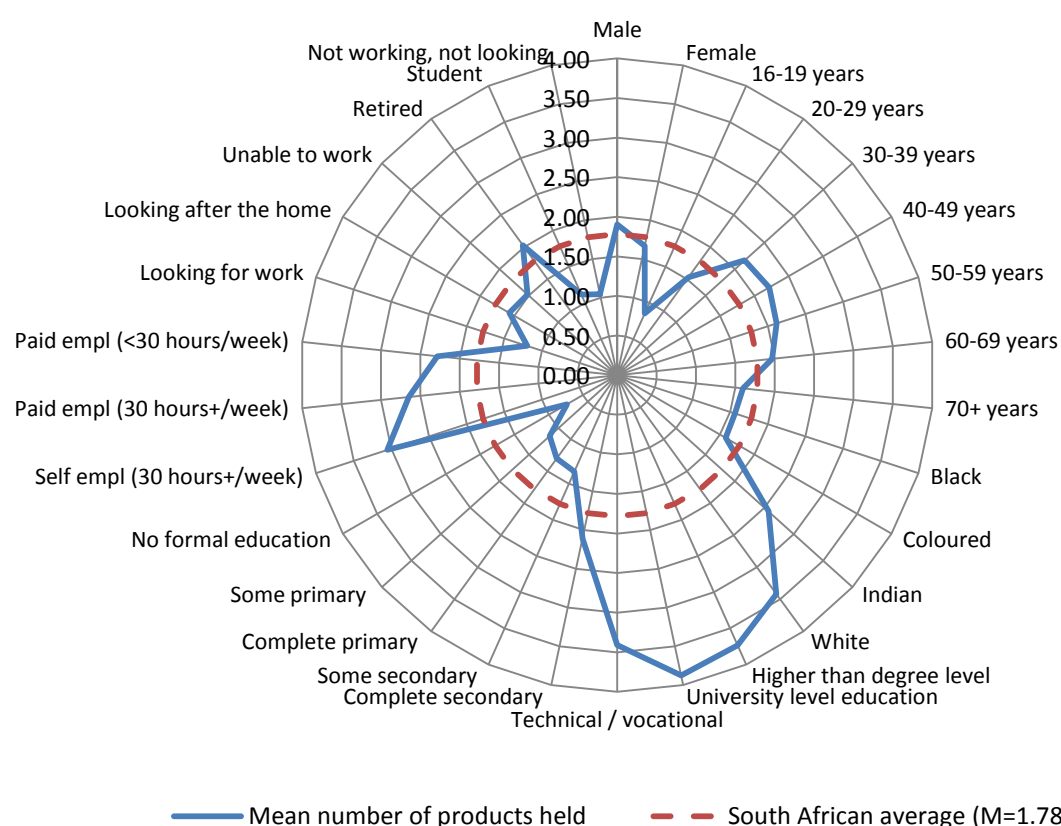
|                                             | Heard of financial product | Products currently held | Products chosen in last two years |
|---------------------------------------------|----------------------------|-------------------------|-----------------------------------|
| A bank account                              | 91                         | 61                      | 34                                |
| A credit card                               | 66                         | 16                      | 7                                 |
| A post office savings account               | 65                         | 13                      | 8                                 |
| Policies (Sanlam, Old Mutual)               | 63                         | 18                      | 9                                 |
| Insurance – car & house, funeral            | 59                         | 16                      | 8                                 |
| Stokvels                                    | 57                         | 17                      | 8                                 |
| A pension fund (not government grant)       | 56                         | 9                       | 3                                 |
| A house bond                                | 48                         | 7                       | 2                                 |
| An investment account, such as a unit trust | 39                         | 5                       | 2                                 |
| A bank loan secured on property             | 37                         | 3                       | 1                                 |
| A microfinance loan                         | 29                         | 1                       | 1                                 |
| Stocks and shares                           | 28                         | 1                       | 0                                 |
| An unsecured bank loan                      | 22                         | 2                       | 1                                 |
| Retail Bonds                                | 19                         | 1                       | 1                                 |
| (None of the above)                         | 2                          | 20                      | 38                                |
| (Refused)                                   | 2                          | 5                       | 7                                 |
| <b>Weighted base</b>                        | <b>3068</b>                | <b>3112</b>             | <b>3112</b>                       |

As with product awareness, the most widespread form of financial product that was held by South Africans in late 2010 was a bank account (61%) (Table 15). Thereafter, there is a cluster of products that are held by between a tenth and a fifth of the surveyed population, including policies (18%), stokvels (17%), a credit card and insurance (both 16%), and a post office savings account (13%). The other products were held by only small proportions of the people interviewed.

Respondents were subsequently requested to specify whether they had chosen any of the listed products *during the last two years*, irrespective of whether they still possessed them. Nearly two-fifths (38%) said that they had not done so, with 55% choosing one or more products during this period. An estimated 38% had chosen a single product with a national average of 1.18 products. As the final column in Table 15 reveals, in many instances the proportion of those reporting that they had recently chosen different financial products is approximately half that of those currently

holding those financial products, especially where the product is held by at least a tenth of respondents. This would seem to convey a sense that for that segment of South African society that is accessing financial products and services, there has been a fair amount of activity in the market in recent years.

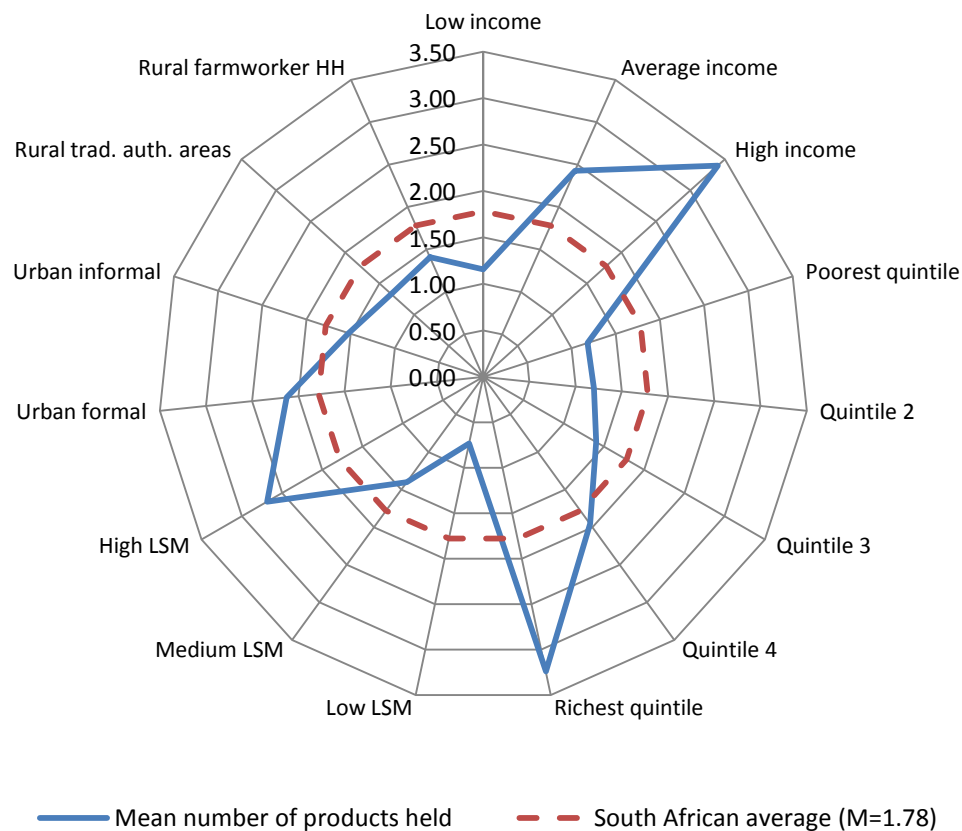
**Figure 11: Number of financial products currently held, by personal attributes (mean scores on a 0-14 scale)**



Note: See Appendix Table 3 for the specific mean score values presented in the figure above, as well as the post hoc ANOVA significance test results.

In terms of subgroup variation in the holding of products, Figure 11 indicates that the reported mean number of financial products currently possessed is highest for those with a tertiary or technical/vocational education, white South Africans and those in regular self-employment. Conversely, the lowest mean level of product holding is evident among those with no formal education, those aged 16-19 years, and discouraged work-seekers. The possession of financial products tends to be greater for men than women, increases in conjunction with education level, and grows with age up to middle age (40-49 years), after which it declines again for older age groups. Product holding is also significantly higher among white and Indian citizens relative to black and coloured South Africans, and for those in regular self-employment and paid employment compared with discouraged work-seekers, learners, unemployed work-seekers, those unable to work for health reasons, those looking after the home and retirees.

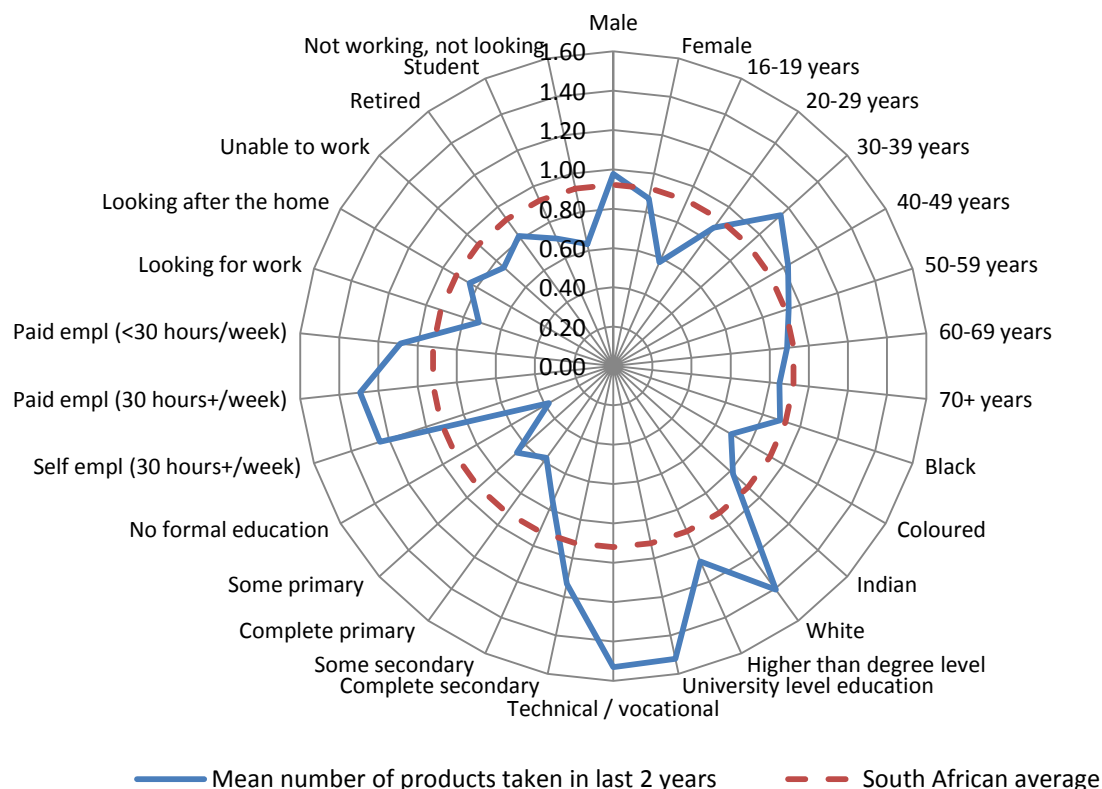
**Figure 12: Number of financial products currently held, by household-level material deprivation (mean scores on a 0-14 scale)**



Note: See Appendix Table 4 for the specific mean score values presented in the figure above, as well as the post hoc ANOVA significance test results.

Household-level disadvantage plays a considerable role in the number of products held by respondents (Figure 12). Product hold increases significantly in parallel with self-reported household income status and living standard level, with those stating their household has a high income or living standard holding approximately two products more than those with reported low household income or standard of living. This is reaffirmed by the patterns of financial product holding by income quintiles, with those falling into the poorest three quintiles of per capita household income having a significantly lower mean score than those in the two wealthiest quintiles. Residents in formal urban areas are also more inclined than those in informal urban settlements and rural areas to hold financial products.

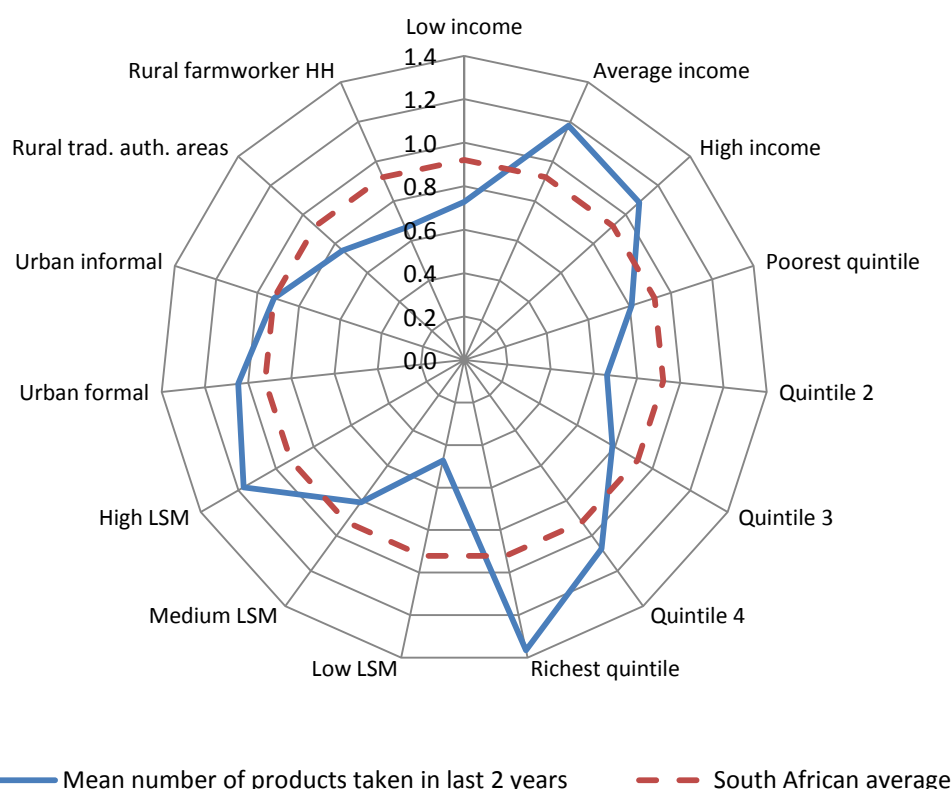
**Figure 13: Number of financial products taken in last two years, by personal attributes (mean scores on a 0-14 scale)**



Note: See Appendix Table 5 for the specific mean score values presented in the figure above, as well as the post hoc ANOVA significance test results.

Turning to variations in the taking out of listed products *in the last two years*, the picture that emerges is largely comparable with products currently held. The gender disparity is again evident, as is the apparent life-cycle effect in relation to product purchasing, with individuals in the lower and upper age groups less likely to have recently purchased financial products than the age groups in-between (Figure 13). There exists a stark racial gradient in the recent taking of financial products with white South Africans reporting a significantly higher average than all other population groups. Coloured respondents were least likely to have taken financial products in the last two years. Education again clearly matters, with those with less than matric generally less likely to have taken out products in the two-year interval compared to those with a matric or higher level education. As for work status, those in regular paid employment reported a significantly higher average number of products taken relative to discouraged work-seekers, students, unemployed work-seekers, those unable to work due to health considerations, and retirees. Those in regular self-employment were also more likely to have taken products recently.

**Figure 14: Number of financial products taken in last two years, by household-level material deprivation (mean scores on a 0-14 scale)**



As for the relationship between having recently chosen financial products and household level deprivation, we observe the increasingly recurring pattern whereby those classified as more disadvantaged on various measures (self-reported income status, per capita income quintiles, living standard measure, and geographic location) are again less inclined to have chosen products that are materially better off (Figure 14).

### 5.3. Decision-making and recent product choice

Among those that indicated that they had bought a product in the last two years, each was asked to specify the manner in which the product was chosen (Table 16). Since respondents could have chosen multiple products during the stipulated interval, this follow-up question was asked of the first-mentioned product on the list. In accordance with advice from the OECD, stocks and shares as well as retail bonds are excluded from consideration.

**Table 16: Manner in which financial products were chosen in last two years (column percentages)**

|                                                                                                            | Including stokvels |         | Excluding stokvels |         |
|------------------------------------------------------------------------------------------------------------|--------------------|---------|--------------------|---------|
|                                                                                                            | Freq.              | Percent | Freq.              | Percent |
| I considered several [products/loans/policies/accounts] from different companies before making my decision | 775                | 48      | 751                | 48      |
| I considered the various [products/loans/policies/accounts] from one company                               | 312                | 19      | 305                | 20      |
| I didn't consider any other [products/loans/policies/accounts] at all                                      | 292                | 18      | 272                | 17      |
| I looked around but there were no other [products/loans/policies/accounts] to consider                     | 99                 | 6       | 89                 | 6       |
| (Do not know)                                                                                              | 34                 | 2       | 30                 | 2       |
| (Refused to answer)                                                                                        | 17                 | 1       | 16                 | 1       |
| (Missing data)                                                                                             | 97                 | 6       | 92                 | 6       |
| Total                                                                                                      | 1627               | 100     | 1555               | 100     |
| (Not applicable – respondent has not chosen any financial product in the last 2 years)                     | 1414               |         | 1424               |         |
| Total                                                                                                      | 3103               |         | 3031               |         |

Note: the total sample size does not add up to 3,112 due to the exclusion from consideration of those who chose stocks and shares and retail bonds in the last two years in the first instance, and additionally *stokvels* in the second case.

Of those individuals who had recently chosen products, nearly half (48%) maintained that they considered several products from different companies before deciding which product they preferred. Another fifth (19%) said that they contemplated the range of products available from one particular company before deciding which to opt for, a small proportion (6%) shopped around but realised that there were no other products to consider. Close to a fifth (18%) said that they did not shop around for different providers or products prior to choosing their product. In terms of non-response, 2% indicated that they did not know how they chose their products, with 1% refusing to answer, and 6% with missing information. The latter is due to interviewer coding errors, with the question being marked 'not applicable,' in spite of respondents having chosen a product in the last two years. This is probably a result of complex skip pattern and other instructions associated with the product choice questions. These findings included *stokvels* or informal savings clubs, although, when the results were re-calculated with this product excluded from analysis, the percentages remained virtually unchanged. Therefore, on balance, it would seem that in making decisions about products, the majority of South Africans make the effort to undertake some comparison shopping, with a less significant contingent possessing the freedom to do so but ultimately choosing not to.

**Table 17: Manner in which financial products were chosen in last two years, by product type (row percentages)**

|                                    | Considered<br>several<br>products<br>from<br>different<br>companies | Considered<br>various<br>products<br>from one<br>company | Didn't<br>consider<br>any other<br>products<br>at all | Looked<br>around but<br>there were<br>no other<br>products to<br>consider | (Don't<br>know) | (Refused) | (Missing) | Total | Base<br>N |
|------------------------------------|---------------------------------------------------------------------|----------------------------------------------------------|-------------------------------------------------------|---------------------------------------------------------------------------|-----------------|-----------|-----------|-------|-----------|
| Bank account                       | 43                                                                  | 23                                                       | 21                                                    | 5                                                                         | 2               | 1         | 6         | 100   | 800       |
| Credit card                        | 45                                                                  | 22                                                       | 19                                                    | 9                                                                         | 2               | 1         | 3         | 100   | 170       |
| Post office savings<br>account     | 44                                                                  | 15                                                       | 22                                                    | 8                                                                         | 3               | 2         | 6         | 100   | 108       |
| Pension fund                       | 61                                                                  | 5                                                        | 9                                                     | 14                                                                        | 0               | 1         | 10        | 100   | 101       |
| Insurance (car,<br>house, funeral) | 56                                                                  | 14                                                       | 18                                                    | 1                                                                         | 4               | 2         | 4         | 100   | 91        |
| House bond                         | 69                                                                  | 11                                                       | 4                                                     | 6                                                                         | 3               | 0         | 8         | 100   | 77        |
| Policies (Sanlam,<br>Old Mutual)   | 63                                                                  | 19                                                       | 8                                                     | 5                                                                         | 1               | 0         | 4         | 100   | 77        |
| Stokvels                           | 36                                                                  | 12                                                       | 26                                                    | 13                                                                        | 5               | 1         | 7         | 100   | 72        |
| Investment<br>account              | 68                                                                  | 23                                                       | 3                                                     | 1                                                                         | 0               | 0         | 4         | 100   | 59        |
| Bank loan secured<br>on property   | 52                                                                  | 11                                                       | 6                                                     | 13                                                                        | 0               | 3         | 15        | 100   | 27        |
| Unsecured bank<br>loan             | 54                                                                  | 23                                                       | 3                                                     | 0                                                                         | 0               | 0         | 20        | 100   | 24        |
| Microfinance loan                  | 56                                                                  | 22                                                       | 16                                                    | 0                                                                         | 0               | 0         | 5         | 100   | 21        |
| South Africa                       | 48                                                                  | 19                                                       | 18                                                    | 6                                                                         | 2               | 1         | 6         | 100   | 1627      |

Note: in many instances the product specific sample sizes are too small to be able to confidently generalise the findings.

In Table 17, the extent of shopping around to compare financial products or services is examined by the type of products recently chosen. Unfortunately, given the nature of product holding in the country, some of the product specific sample sizes are quite small, which effectively reduces the ability to confidently utilise the results to generalise. Above-average shares of respondents reported that they did not shop around in the cases of *stokvels* (26%), post office savings accounts (22%), bank accounts (21%), credit cards (19%) and household, vehicle or funeral insurance (18%). Interestingly, as we have seen earlier in the section, these are the items that consumers are most aware of, likely to hold and have taken out in the last two years. Nonetheless, even for these products, at least six out of ten individuals in all cases undertook comparison shopping or recognised that there was no other product available. It seems that comparison shopping is especially common in relation to house bonds, investment accounts, policies (with Sanlam, Old Mutual, etc.) and private pension funds.

#### 5.4. Sources of product information

There exists a range of potential sources of information from which people can obtain information about financial investments. To better appreciate which sources matter most for product choice in the South African context, respondents indicating that they *currently held* one or more financial products were asked to identify the different sources that they felt influenced their product decision the most. Again, respondents were asked to respond in relation to the first-mentioned product that they currently held from the list of fourteen products.

From Table 18, it is evident that when choosing a financial product, consumer decisions are most informed by product-specific information from a branch of a bank (28%), family and friends who are not in the financial services industry (22%), as well as television and radio programmes (17%) and television advertisements (16%). These four information sources account for 57% of all responses provided, rising to 63% if one also includes the 6% reporting the importance of advice from family and friends working in the financial sector. None of the various other sources of information were mentioned by a tenth or more of respondents, with most only being referred to by fewer than 5% of consumers. Best-buy guidance was the least commonly cited set of items mentioned as important by respondents currently holding financial products, accounting for 5% of responses on aggregate, with specific items each being mentioned by between 1 and 4% of consumers. This is likely to be ascribed, at least in part, to the cost and literacy barriers to the internet, newspapers, magazines, specialist publications as well as brokers and financial advisors.

Of the product specific information sources, with the exception of banks, the role of internet websites, the sales staff of product providers, and junk mail appears relatively circumscribed (all 4%). Similarly, while family and friends are critical determinants in financial decision-making processes, general advice from an employer or a traditional or religious leader hardly feature. Of the media coverage and advertising sources, newspaper articles and adverts are mentioned by 7% and 6% respectively, which is approximately half the relative influence of television and/or radio.

Finally, it is worth highlighting the matter of item non-response to the information source question. As with the variable on the manner in which financial products are selected, 'do not know' and 'refused' answers accounted for approximately 2% of responses, with missing data representing a further 5% of responses. The missing data is a product of interviewer misclassification, with valid cases being assigned not applicable.

**Table 18: Sources of information that most influenced decision about taking the financial products that are currently held (column and cell percentages)**

|  | Weighted | Percentage | Percentage |
|--|----------|------------|------------|
|--|----------|------------|------------|

|                                                                                   | Base       | of responses<br>(col. %) | of cases<br>(cell %) |
|-----------------------------------------------------------------------------------|------------|--------------------------|----------------------|
| <b>Product-specific information:</b>                                              | <b>952</b> | <b>28</b>                |                      |
| Junk mail sent through the post or that you found somewhere                       | 94         | 3                        | 4                    |
| Information picked up in a branch of a bank                                       | 662        | 19                       | 28                   |
| Information found on the internet                                                 | 90         | 3                        | 4                    |
| Information from sales staff of firm providing the products<br>(including quotes) | 106        | 3                        | 4                    |
| <b>Best-buy guidance:</b>                                                         | <b>170</b> | <b>5</b>                 |                      |
| Comparative tables or charts in financial pages of<br>newspapers/magazines        | 37         | 1                        | 2                    |
| Comparative tables or charts found on the internet                                | 17         | 0                        | 1                    |
| Specialist magazines/publications (such as Financial Mail)                        | 31         | 1                        | 1                    |
| Recommendation from independent financial adviser or<br>broker                    | 85         | 2                        | 4                    |
| <b>General advice:</b>                                                            | <b>877</b> | <b>26</b>                |                      |
| Advice of friends/relatives (not working in the financial<br>services industry)   | 528        | 15                       | 22                   |
| Advice of friends/relatives (who work in the financial services<br>industry)      | 204        | 6                        | 9                    |
| Employer's advice                                                                 | 106        | 3                        | 4                    |
| Traditional or religious leader                                                   | 39         | 1                        | 2                    |
| <b>Media coverage:</b>                                                            | <b>555</b> | <b>16</b>                |                      |
| Newspaper articles                                                                | 171        | 5                        | 7                    |
| Television or radio programmes                                                    | 384        | 11                       | 16                   |
| <b>Adverts:</b>                                                                   | <b>611</b> | <b>18</b>                |                      |
| Newspaper adverts                                                                 | 150        | 4                        | 6                    |
| Television adverts                                                                | 393        | 11                       | 17                   |
| Other advertising                                                                 | 68         | 2                        | 3                    |
| <b>Other:</b>                                                                     | <b>42</b>  | <b>1</b>                 |                      |
| Other source                                                                      | 42         | 1                        | 2                    |
| (Do not know)                                                                     | 32         | 1                        | 1                    |
| (Refused to answer)                                                               | 27         | 1                        | 1                    |
| (Missing data)                                                                    | 158        | 5                        | 7                    |
| Total                                                                             | 3425       | 100                      | 145                  |
| (Not applicable)                                                                  | 764        |                          |                      |
| Total                                                                             | 4189       |                          |                      |

The informational source results were disaggregated by the type of product currently held that respondents first mentioned from the list of products. The results, which are presented in Table 19, show the following:

- Given the relative salience of **bank accounts** among other financial products held in the country, it is unsurprising that the shares of consumers citing

particular information sources as significant approximates the national average across all products, with bank branches, advice from family and friends, television and radio programmes and television adverts predominating. A broadly similar pattern is found with regard to **credit cards**.

- In terms of **private pension funds**, equivalent importance is attached to television adverts and bank-based information (both 26%), followed closely by television or radio programmes (21%). Also notable is the higher than average percentages of consumers being influenced by financial advisors or brokers (14% – the highest of any product), the sales staff of product providers (11%), internet websites (9%), as well as newspaper adverts. Friends and family play a substantially less prominent role than average in decisions around pension funds.
- The choice of **post office savings accounts** is determined less regularly than the norm by information garnered from a bank branch (12%), with a greater role attached to advice from family and friends (30% out of and 14% in the financial sector) and newspaper articles (16%). Junk mail (11%) received more mentions than average.
- As for **investment accounts**, media coverage emerges as marginally more important than information from a branch of a bank. The advice of employers (11%) is the highest of all the products examined.

The other products were listed as the first mentioned of the currently held products in a fairly small number of cases, and should thus not be deliberated on at length. The following observations are nonetheless worth emphasising:

- As one would intuitively expect from an informal financial product, in deciding on **stokvels**, information supplied by family and friends matters most with a diminished role for bank-derived information.
- Product-specific information does not feature much in relation to **house content, vehicle or funeral insurance**, with television and radio programmes, the advice of family and friends, and to a lesser extent television advertisements serving as the most persuasive informational sources.

**Table 19: Sources of information that most influenced decision about taking the financial products that are currently held, by product type (cell percentages)**

|                                                                                | Pension fund | Investment account | House bond | Bank loan secured on a property | Unsecured bank loan | Credit card | Bank account | Post office savings account | Microfinance loan | Insurance (car and house, funeral) | Policies (Sanlam, Old Mutual) | Stokvels | All  |
|--------------------------------------------------------------------------------|--------------|--------------------|------------|---------------------------------|---------------------|-------------|--------------|-----------------------------|-------------------|------------------------------------|-------------------------------|----------|------|
| <b>Product-specific information:</b>                                           |              |                    |            |                                 |                     |             |              |                             |                   |                                    |                               |          |      |
| Junk mail sent through the post or that you found somewhere                    | 3            | 6                  | 3          | 5                               | 5                   | 7           | 3            | 11                          | 0                 | 5                                  | 15                            | 0        | 4    |
| Information picked up in a branch of a bank                                    | 26           | 24                 | 33         | 31                              | 40                  | 34          | 31           | 12                          | 27                | 0                                  | 11                            | 9        | 28   |
| Information found on the internet                                              | 9            | 18                 | 6          | 3                               | 0                   | 5           | 2            | 0                           | 0                 | 1                                  | 0                             | 0        | 4    |
| Information from sales staff of firm providing the products (including quotes) | 11           | 11                 | 8          | 0                               | 6                   | 7           | 3            | 1                           | 0                 | 2                                  | 0                             | 0        | 4    |
| <b>Best-buy guidance:</b>                                                      |              |                    |            |                                 |                     |             |              |                             |                   |                                    |                               |          |      |
| Comparative tables or charts in financial pages of newspapers/magazines        | 3            | 3                  | 3          | 2                               | 4                   | 3           | 1            | 1                           | 0                 | 1                                  | 0                             | 3        | 2    |
| Comparative tables or charts found on the internet                             | 1            | 3                  | 1          | 0                               | 4                   | 1           | 0            | 0                           | 0                 | 0                                  | 0                             | 0        | 1    |
| Specialist magazines/publications (such as Financial Mail)                     | 1            | 4                  | 1          | 3                               | 0                   | 5           | 1            | 1                           | 0                 | 1                                  | 0                             | 0        | 1    |
| Recommendation from independent financial adviser or broker                    | 14           | 3                  | 5          | 0                               | 9                   | 7           | 1            | 0                           | 0                 | 1                                  | 0                             | 2        | 4    |
| <b>General advice:</b>                                                         |              |                    |            |                                 |                     |             |              |                             |                   |                                    |                               |          |      |
| Advice of friends/relatives (not working in the financial services industry)   | 12           | 9                  | 12         | 13                              | 13                  | 21          | 25           | 30                          | 18                | 28                                 | 36                            | 34       | 22   |
| Advice of friends/relatives (who work in the financial services industry)      | 12           | 12                 | 6          | 0                               | 9                   | 4           | 8            | 14                          | 61                | 2                                  | 16                            | 10       | 9    |
| Employer's advice                                                              | 4            | 11                 | 4          | 7                               | 4                   | 7           | 4            | 3                           | 0                 | 1                                  | 0                             | 0        | 4    |
| Traditional or religious leader                                                | 1            | 1                  | 1          | 0                               | 0                   | 3           | 1            | 8                           | 18                | 2                                  | 0                             | 0        | 2    |
| <b>Media coverage:</b>                                                         |              |                    |            |                                 |                     |             |              |                             |                   |                                    |                               |          |      |
| Newspaper articles                                                             | 7            | 25                 | 10         | 4                               | 4                   | 10          | 5            | 16                          | 0                 | 1                                  | 8                             | 4        | 7    |
| Television or radio programmes                                                 | 21           | 28                 | 13         | 30                              | 35                  | 14          | 15           | 14                          | 0                 | 29                                 | 0                             | 7        | 16   |
| <b>Adverts:</b>                                                                |              |                    |            |                                 |                     |             |              |                             |                   |                                    |                               |          |      |
| Newspaper adverts                                                              | 11           | 13                 | 7          | 13                              | 5                   | 8           | 5            | 4                           | 0                 | 9                                  | 0                             | 2        | 6    |
| Television adverts                                                             | 26           | 21                 | 23         | 32                              | 6                   | 16          | 15           | 9                           | 12                | 16                                 | 0                             | 10       | 17   |
| Other advertising                                                              | 3            | 4                  | 4          | 14                              | 0                   | 6           | 2            | 1                           | 0                 | 0                                  | 0                             | 0        | 3    |
| <b>Other:</b>                                                                  |              |                    |            |                                 |                     |             |              |                             |                   |                                    |                               |          |      |
| Other source                                                                   | 1            | 1                  | 2          | 0                               | 3                   | 2           | 2            | 4                           | 0                 | 1                                  | 0                             | 3        | 2    |
| (Do not know)                                                                  | 2            | 1                  | 3          | 0                               | 1                   | 0           | 1            | 1                           | 0                 | 0                                  | 0                             | 2        | 1    |
| (Refused to answer)                                                            | 4            | 0                  | 1          | 0                               | 1                   | 0           | 0            | 3                           | 0                 | 6                                  | 0                             | 0        | 1    |
| (Missing data)                                                                 | 5            | 10                 | 4          | 0                               | 0                   | 6           | 5            | 12                          | 0                 | 11                                 | 33                            | 23       | 7    |
| Total percentage of cases                                                      | 180          | 204                | 151        | 156                             | 149                 | 166         | 130          | 146                         | 135               | 117                                | 119                           | 109      | 145  |
| Weighted base                                                                  | 283          | 109                | 100        | 23                              | 32                  | 246         | 1285         | 145                         | 3                 | 55                                 | 16                            | 69       | 2367 |

## 6. Knowledge and understanding

A core component of the financial literacy survey was a short set of questions that were administered in the form of a quiz, in order to provide an assessment of the familiarity and proficiency of South Africans with basic financial concepts. The items test knowledge of concepts such as mathematical division, inflation, interest rates and compound interest. The responses at the national level are presented in Table 20.

**Table 20: Responses to financial literacy quiz questions (column percentages)**

|                                                              | Quiz: Understanding of                   |                  |                                   |                          |                             |
|--------------------------------------------------------------|------------------------------------------|------------------|-----------------------------------|--------------------------|-----------------------------|
|                                                              | (1)<br>Basic<br>arithmetic<br>(division) | (2)<br>Inflation | (3)<br>Interest paid<br>on a loan | (4)<br>Interest<br>rates | (5)<br>Compound<br>interest |
| Correct numerical answer                                     | 80                                       | 26               | 66                                | 45                       | 37                          |
| Other numerical answers                                      | 5                                        | 32               | 17                                | 17                       | 28                          |
| Impossible to tell from the<br>information given             | ...                                      | ...              | ...                               | ...                      | 4                           |
| (It depends on inflation)                                    | ...                                      | 16               | ...                               | ...                      | ...                         |
| (It depends on the types of<br>things that they want to buy) | ...                                      | 10               | ...                               | ...                      | ...                         |
| Irrelevant answer                                            | 4                                        | 3                | 4                                 | 8                        | 4                           |
| Don't know                                                   | 10                                       | 13               | 12                                | 28                       | 24                          |
| Refused                                                      | 1                                        | 1                | 1                                 | 2                        | 2                           |
| Total                                                        | 100                                      | 100              | 100                               | 100                      | 100                         |
| Weighted Base                                                | 3076                                     | 3017             | 3062                              | 3065                     | 3040                        |

### 6.1. Basic arithmetic

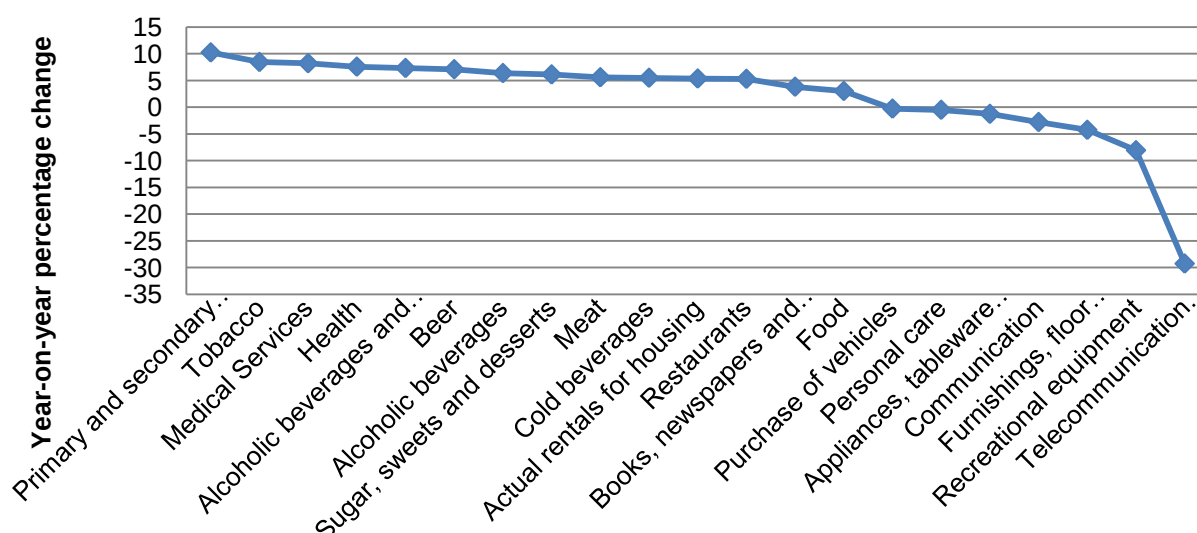
An overwhelming majority of respondents (80%) were able to supply the correct numerical answer to the first quiz item on mathematical division. The specific item asked was: *'Imagine that five friends are given a gift of R1,000. If the friends have to share the money equally, how much does each one get?'* Only small percentages of respondents provided incorrect or irrelevant answers (5% and 4% respectively), with a tenth (10%) indicating that they did not know the answer.

### 6.2. Understanding of inflation

The second item explored knowledge of inflation by asking people to say whether, using the same example, the brothers would be able to purchase less, more, or an equivalent amount with their share of the R1,000 if they were to wait a year to receive their money. Barely a quarter (26%) chose the response that was expected (i.e. the brothers would be able to purchase less in a year than today), with a third

(32%) stating that the brothers would be able to buy more or an equivalent amount in a year's time relative to today. What renders this question complicated from an assessment perspective is that there were two additional response options that were not read out to the respondents, namely 'it depends on inflation' and 'it depends on the types of things that they want to buy'. Overall, these responses were mentioned by 16% and 10% of respondents respectively.

**Figure 15: Year-on-year percentage change for select consumer price index items, January 2010 to January 2011 (percent)**



Source: Derived from Statistics South Africa (2011) Statistical Release P0141.

It could be argued that, in the South African context, those responding in this manner actually possess a good grasp on inflation. For instance, official consumer price inflation data from Statistics South Africa shows that between January 2010 and January 2011 the overall CPI rose 3.7 percent. Without the interviewer issuing some guidance on the assumptions respondents are to make about the nature of inflation over the course of the year referred to in the vignette, it is fair to assume that the more financially literate may indicate that the response depends on inflation.

As for those answering that the situation would depend on the items the brothers purchased, there is again merit in this response (Figure 15). For instance, if the brothers decided to invest their share of the money in education or having a large party (where meat, alcohol and desserts were supplied), the evidence supports the view that the value of their money would erode over the course of the year. Nonetheless, if they intended to put the money towards buying a car, household appliance or furnishing, recreational equipment or telecommunication service, then it is fair to assume, based on CPI data for the last year, that they would be able to buy more or an equivalent amount in a year's time than they would today. The lingering question then is whether we should combine the 'it depends...' responses together with the 'less than you could buy today' answers, which would increase the share of

correct responses to 58 percent, or whether this would bias estimates of financial literacy.

In an additional inflation-related quiz question, respondents were asked whether they felt the statement, '*Inflation means the cost of living is increasing rapidly*', was true or false. An estimated 78% nominated that this was a truthful assertion, with only 13% declaring it false and 8% uncertain. This suggests a greater awareness of the inflation concept than could be discerned from the previously-discussed item, so a cross-tabulation of the responses to the two items was undertaken to explore the matter further (Table 21). A greater proportion of those that declared the new statement to be true provided 'it depends...' answers to the preceding inflation question, compared to those replying false to the new statement. Yet, despite this, it should also be noted that close to a fifth (17%) of those with false responses to the new inflation item responded 'it depends...' to the earlier inflation question, which again raises concerns about how well it is testing knowledge of the inflation concept.

**Table 21: Comparing responses to two inflation-related quiz questions (column percentages)**

| Now imagine that the brothers have to wait for one year to get their share of the R1,000. In one year's time will they be able to buy... | High inflation means that the cost of living is increasing rapidly: |       |     |
|------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------|-------|-----|
|                                                                                                                                          | True                                                                | False | All |
| Correct answer                                                                                                                           | 27                                                                  | 19    | 26  |
| Other answers                                                                                                                            | 30                                                                  | 52    | 32  |
| (It depends on inflation)                                                                                                                | 18                                                                  | 10    | 16  |
| (It depends on the types of things that they want to buy)                                                                                | 11                                                                  | 7     | 10  |
| Irrelevant answer                                                                                                                        | 3                                                                   | 0     | 3   |
| Don't know                                                                                                                               | 10                                                                  | 11    | 13  |
| Refused                                                                                                                                  | 1                                                                   | 1     | 1   |
| Total                                                                                                                                    | 100                                                                 | 100   | 100 |

### 6.3. Understanding of interest and compound interest

The third quiz item is less ambiguous, with 66% of respondents issuing a correct response to the paying of interest on a loan. The statement read by interviewers was as follows: '*You lend R25 to a friend one evening and he gives you R25 back the next day. How much interest has he paid on this loan?*' A total of 17% reported non-zero responses, with 4% issuing irrelevant answers and around a tenth (12%) voicing uncertainty.

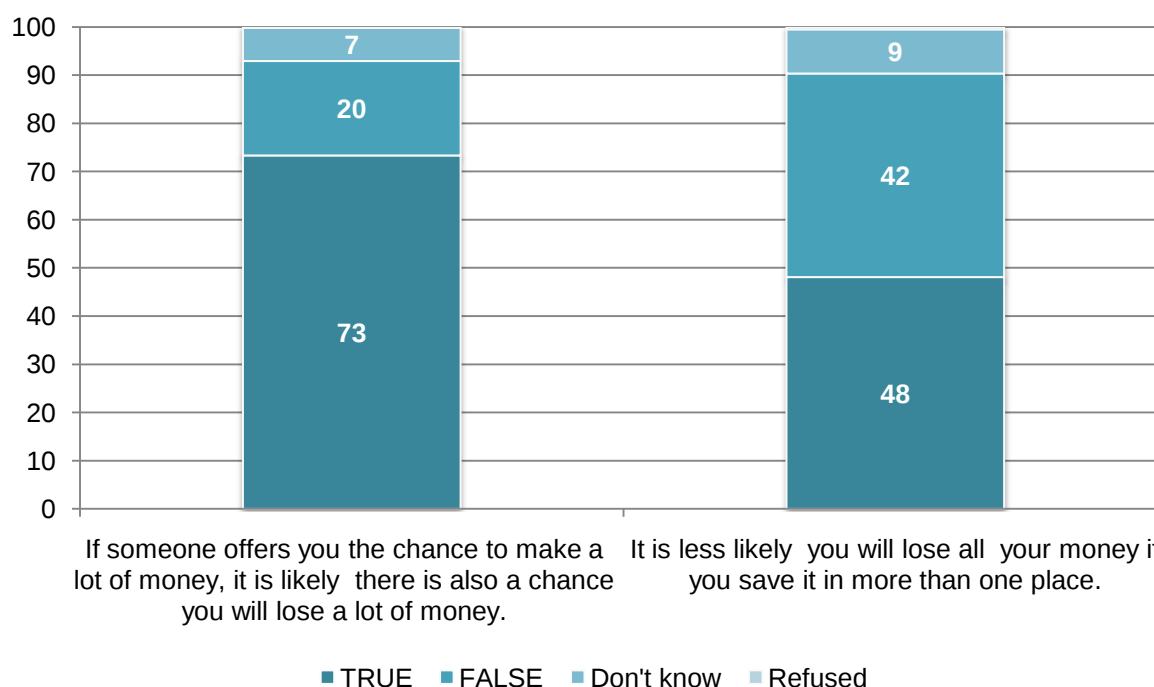
The responses to the two subsequent items on interest and compound interest received on a savings account suggest that respondents struggled cognitively with these elements of financial literacy. The first question asks people to estimate how much would be in a savings account after a year, assuming a 2% rate on an initial R100 deposit. While 45% provided a correct response, 17% answered incorrectly,

and 8% offered irrelevant answers. What is telling is that more than a quarter of respondents (28%) stated that they did not know the answer. A similar pattern is found in relation to the compound interest statement, which asked respondents to indicate, using the same example, how much would be in the savings account after a five-year interval. In this instance, 37% provided correct answers and 28% incorrect answers, while small shares stated it was impossible to determine from the information provided, or offered irrelevant answers (4% each). Again, approximately a fifth of respondents (24%) registered their uncertainty.

#### 6.4. Understanding of investment risk and return

Two questions were also included in the quiz that were designed to capture the ability of respondents to weigh up risk and return on investments. The responses to the two items, as shown in Figure 16, are quite discrepant. It would seem that South Africans are quite sceptical about potential investments that offer the prospect of getting rich quick, with nearly three-quarters (73%) acknowledging that such schemes also pose the risk of quick losses too. A fifth of respondents (20%) disputed the likelihood of loss in relation to investments promising sizable returns, while 7% were unsure.

**Figure 16: Understanding of risk and return on investments (percent)**



By contrast, there appears to be more ambivalence about whether one is less inclined to lose all one's money if it is saved in more than one place. Only 48% believed this statement to be true, with 42% disagreeing and 9% unsure how to

respond. Therefore, it is apparent that the South African public either lacks knowledge or is sceptical about the potential gains to diversifying one's savings across different products or institutions.

### **6.5. Constructing an overall financial knowledge index and exploring variation in scores**

In order to evaluate differential levels of financial knowledge and understanding across population subgroups, a composite Financial Knowledge Index (FKI) was developed. More specifically, it was decided to include the following quiz items in the index construction process:

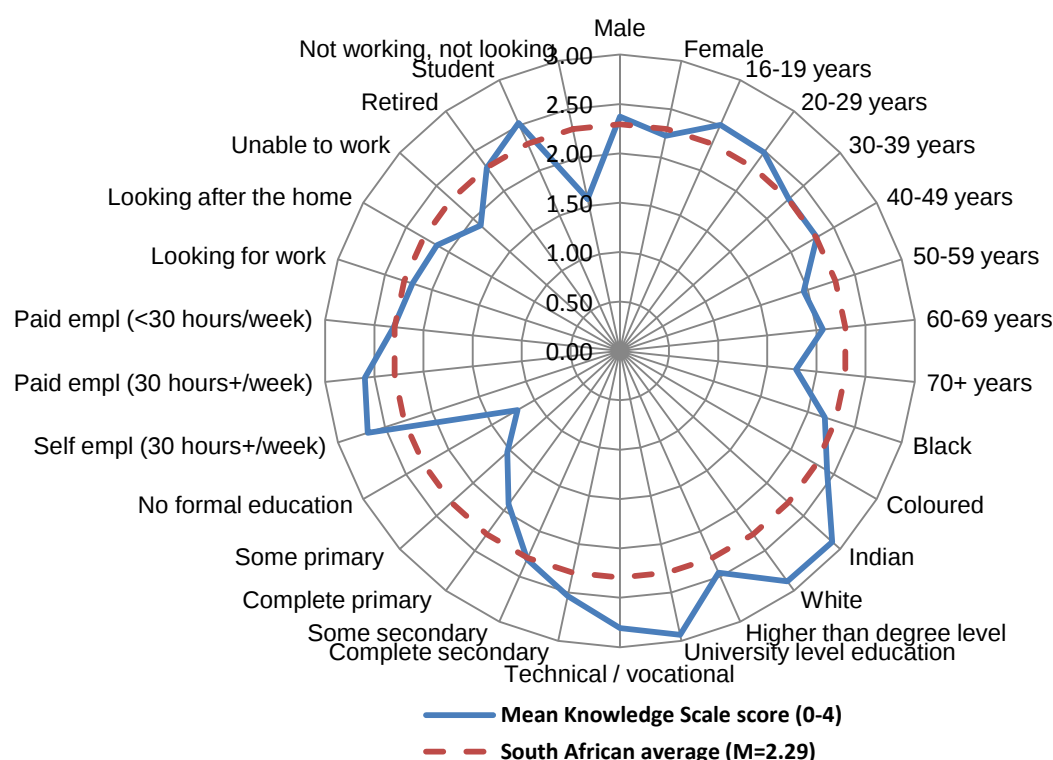
- Knowledge of basic mathematics (QK2/DIV);
- Knowledge of interest paid (QK4/INT);
- Knowledge of interest received (QK5\_a/GROWa); and
- Knowledge of compound interest received (QK5\_b/GROWb).

As articulated by Atkinson (2011: 5), owing to their design as open response questions, the first three of the four measures listed above “will give a very good indicator of whether the respondent knows how to calculate the required amount in their head, because it is more difficult to make a correct guess without being given predefined responses”. For each of the items, ‘don’t know’ replies were coded as indicating a low level of financial literacy. The scale is a count of correct answers provided to the four items, with a Cronbach alpha coefficient of reliability of 0.60. The mean financial knowledge index score for the country was 2.29, which suggests that the average South African aged 16 years and above has middling levels of financial knowledge and understanding (Figure 17).

In terms of subpopulation differences in relation to knowledge of basic financial concepts, we again find significant gender variation, with women exhibiting a lower level of knowledge than men (2.23 versus 2.39), as well as declining financial knowledge with increasing age (2.50 for 16-19 year-olds versus 1.79 for those 70+ years). This draws attention to the possible difficulties that the elderly and women may experience in making financial decisions, in particular the widowed, among whom financial knowledge is notably low (mean index score of 1.67). These findings resonate with those from other international studies, such as Lusardi and Mitchell (2008). Educational attainment seems to play perhaps the most decisive role in shaping financial knowledge, with those with no formal education possessing a mean knowledge score of 1.20 compared to 2.94 for those with a tertiary education. This class-based difference is again evident in relation to employment status, with discouraged work-seekers scoring and those unable to work due to ill-health reporting the lowest scores (1.57 and 1.90 respectively), while those in regular self- and paid-employment together with students reporting significantly higher knowledge (2.69, 2.60 and 2.52 respectively). There are salient population group differences,

with black respondents scoring appreciably below white and Indian respondents (2.18, 2.88 and 2.89 respectively), this is likely to reflect stark educational, labour market and other material inequalities that continue to characterise South African society. It also worth flagging the relatively high scores among 16-19 year-olds and students, for this may indicate the emergence of a more financially aware generation, while also providing a reminder of the importance that schooling must play in promoting financial literacy.

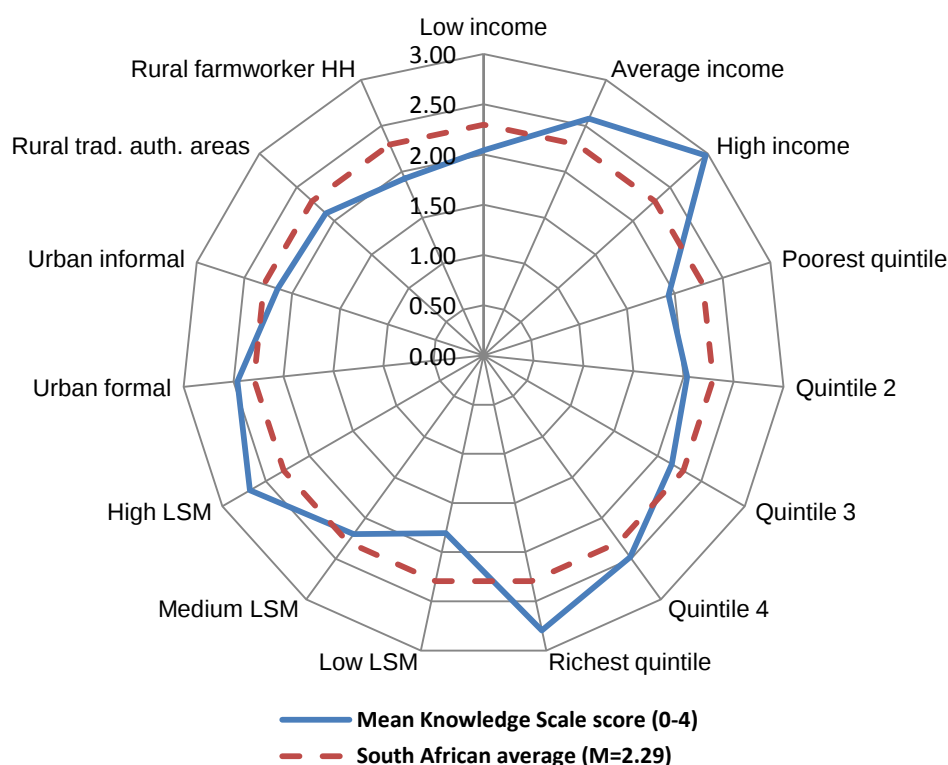
**Figure 17: Financial Knowledge Index score, by personal attributes (mean scores on a 0-4 scale)**



Note: See Appendix Table 11 for the specific mean score values presented in the figure above, as well as the post hoc ANOVA significance test results.

As expected, there were statistically significant differences in the mean scores on the financial knowledge index based on the level of deprivation faced by the households to which the survey participants belonged. Those with self-reported high income scored considerably higher than those indicating low income (2.04 compared with 2.97), while those in the poorest three quintiles of the per capita income distribution were scored lower than those in the top two quintiles. Similarly, those categorised as possessing a low living standard were less financially knowledgeable (1.81) in turn than those with medium (2.20) or high living standards (2.68). Finally, those resident on commercial rural farms (mostly farmworker households) reported a lower index score (1.93) than residents in all other geographic locations.

**Figure 18: Financial Knowledge Index score, by household-level material deprivation (mean scores on a 0-4 scale)**



Note: See Appendix Table 12 for the specific mean score values presented in the figure above, as well as the post hoc ANOVA significance test results.

An additional scale was also created that includes the responses to all eight questions included in the financial literacy quiz, thereby providing a fuller assessment of *basic* financial literacy among the South African population (van Rooij, Lusardi & Alessie, 2007). In terms of including the knowledge of inflation (QK3/TIME) variable, correct answers as well as the “it depends on inflation” and “it depends on the goods purchased” responses were counted as right. Adding this item as well as the remaining three item responses to the financial knowledge index increases the scale reliability coefficient to 0.63. As presented in Table 22, the proportion of respondents that supplied correct responses to all eight questions was only 6%, with 43% able to answer fewer than five of the eight questions correctly. On average, respondents provided 4.7 correct responses and 2.0 incorrect responses, with small shares uncertain or refusing to answer. Therefore, while many South Africans possess knowledge of a few rudimentary financial concepts, it is quite clear that financial knowledge is not especially broad-based.

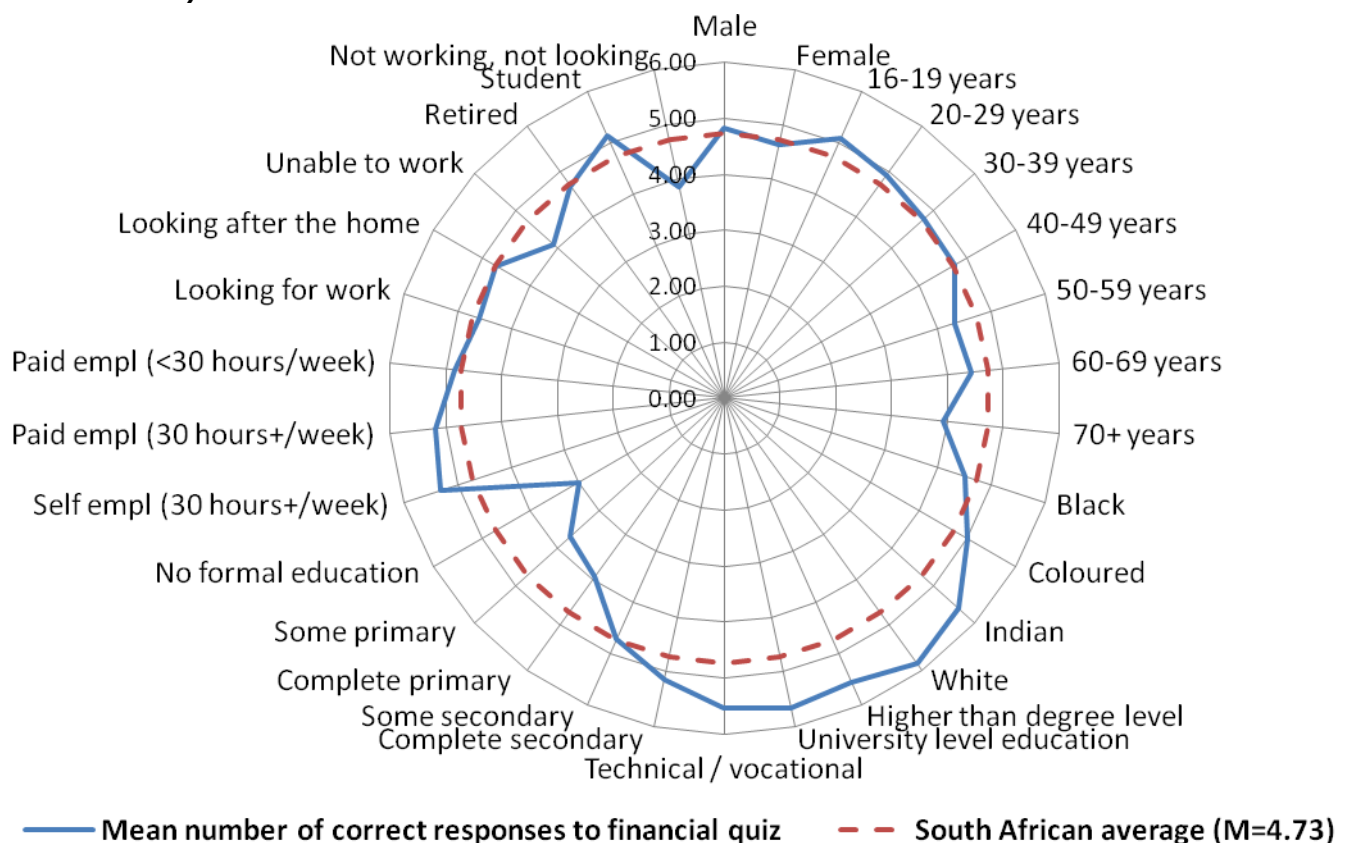
**Table 22: Distribution of Responses to Eight Financial Literacy Quiz Questions (row percent) (N=3112)**

|           | None | 1    | 2    | 3    | 4    | 5    | 6    | 7    | All | Total | Mean |
|-----------|------|------|------|------|------|------|------|------|-----|-------|------|
| Correct   | 2.0  | 3.4  | 7.8  | 13.8 | 16.3 | 19.8 | 16.1 | 14.8 | 6.0 | 100.0 | 4.73 |
| Incorrect | 15.2 | 28.3 | 24.0 | 16.1 | 9.5  | 5.1  | 1.7  | 0.2  | 0.0 | 100.0 | 1.99 |
| DK        | 55.9 | 13.9 | 13.8 | 6.9  | 3.1  | 3.8  | 1.5  | 0.6  | 0.4 | 100.0 | 1.10 |
| Refuse    | 94.5 | 4.0  | 0.8  | 0.3  | 0.4  | 0.1  | 0.0  | 0.0  | 0.0 | 100.0 | 0.09 |

Note: This table reports the percentage of correct, incorrect, “do not know,” and refusal responses.

From **Error! Reference source not found.**, it can be seen that the overall findings t the subpopulation level are consistent with those found using the more limited four-item knowledge index presented earlier in the section. The messages with regard to gender, age, race and educational and work status patterns of difference in financial knowledge remain virtually unaltered.

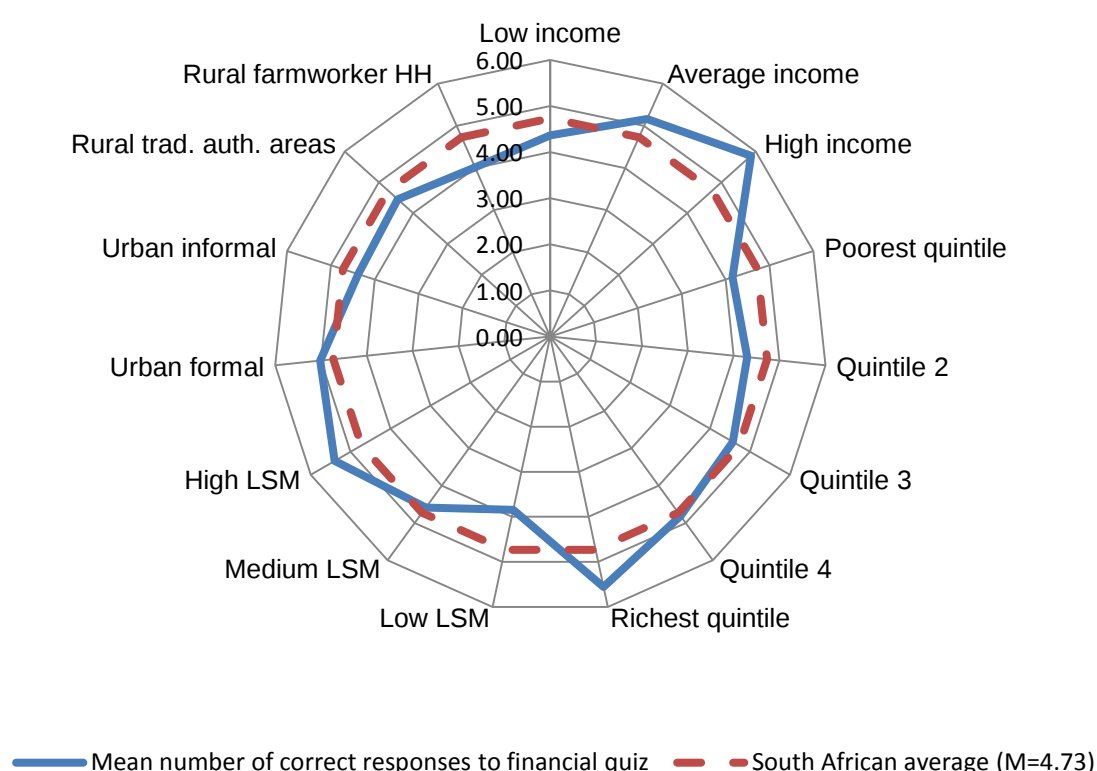
**Figure 19: Financial Knowledge Index score, by personal attributes (mean scores on a 0-8 scale)**



Note: See Appendix Table 13 for the specific mean score values presented in the figure above, as well as the post hoc ANOVA significance test results.

The negative association between financial knowledge and material deprivation that was previously observed is still manifest using the combined responses to all eight quiz items (Figure 20). The lower one ranks in respect of self-rated income status, per capita income quintiles, and living standard measure, the lower is one's ability to correctly respond to statements about basic financial concepts. This finding is equally valid in relation to geographic patterns of material disadvantage, with those outside of formal urban areas scoring below-average and those residing on rural commercial farms faring the poorest.

**Figure 20: Financial Knowledge Index score, by household-level material deprivation (mean scores on a 0-8 scale)**



Note: See Appendix Table 14 for the specific mean score values presented in the figure above, as well as the post hoc ANOVA significance test results.

## 7. Conclusion and recommendations

The preliminary analysis presented in this report provides an overview of the South African component of the OECD/INFE pilot exercise, which is aimed at comparing levels of financial literacy in 12 countries. Drawing on studies on the conceptualisation and measurement of levels of financial capability in the United Kingdom (Kempson et al. 2005; Atkinson et al. 2006), financial literacy has been conceived as consisting of four primary components or domains, namely day-to-day money management, financial planning, choosing financial products, and staying informed about financial matters (incorporating financial knowledge and understanding). The pilot instrument developed by OECD/INFE consists of 19 core questions that include a combination of attitudinal, behavioural and knowledge indicators together with a set of questions on the socio-demographic attributes of survey participants. The pilot module was fielded as part of the 2010 round of the South African Social Attitudes Survey (SASAS), which was undertaken in November and December 2010. While the focus is on the nature and extent of financial literacy within the South African context, in the global context the cross-country data will be used by OECD to assist in finalising the core questions as the basis for an international standard for the measuring and comparative analysis of financial literacy (Atkinson & Messy, 2011). It is also envisaged that the data will also be used for policy-making purposes, especially with respect to designing, targeting and monitoring the impact of financial education projects and programmes.

South Africa is one of five middle income countries included in the OECD/INFE pilot, the others being Malaysia, Poland, Armenia and Peru. Over the course of the last decade, there has been a robust increase in interest in financial literacy and its definition and measurement, particularly in high income countries, though there has recently emerged similar concern in low and middle income countries. Holzmann (2010: 9) argues that three notable factors that have prompted this burgeoning interest among developing countries are “concerns with the perceived low level of financial capability; concerns with the low level of financial access or use; and the recognition that finance is a critical element for innovation and growth”. Holzmann goes on to stress the fact that despite the increasingly rich empirical evidence on financial literacy from developed countries, measuring financial literacy in low and middle income countries is likely to be complicated by the various common and idiosyncratic traits that may mean that measurement tools require some adaptation to such contexts. In the case of low income countries, the characteristics that Holzmann (2010: 9-11) identifies as relevant for measuring financial literacy are the relatively low access to financial services, the high incidence of poverty, the share of the population residing in rural, low-density areas, informal employment, and the high level of risks. In middle income countries, the measurement of financial literacy may be especially complicated by the profound heterogeneity typified by these societies, which are a hybrid of low and high income countries.

The South African example is a good case in point. It is a heterogeneous, upper middle income country with one of the world's highest levels of income inequality, a situation which is intimately associated to the country's segregationist and *apartheid* history. According to a recent assessment, 54% of the population were classified as poor in 2008 based on an austere poverty line, with sizable population group differences in the poverty headcount (Leibbrandt et al. 2010). Furthermore, in respect of the labour market, vast inequalities characterise both access to and the quality of employment. A recent Labour Force Survey estimated that in the fourth quarter of 2010, official unemployment was 24%, again with a significant racial gradient of difference (28% of black South Africans are unemployed compared to 6% of white South Africans) (Statistics South Africa 2010). In addition, despite its middle income status, data from the 2003 Trends in Mathematics and Science Study (TIMSS) show that South African student's maths and sciences scores ranked the lowest of 50 countries surveyed (Reddy 2006), which raises questions not only about educational quality but also the extent to which South Africans have the foundational skills required to be financially capable individuals.

In this concluding section, we therefore distil the primary findings from the pilot exercise in South Africa and reflect on the implications for financial education and the measurement of financial literacy using the OECD/INFE core module.

### 7.1. Money management

The analysis of people's money management capability was assessed primarily through indicators that impart a sense of the ability to make ends meet, as well as the degree to which South Africans monitor their finances. More specifically, it focuses on the manner in which citizens manage short-term financial activities by means of eight indicators pertaining to:

- The experience of income shortfalls and the coping strategies adopted during hard times;
- Personal involvement in money management;
- Presence of a household budget;
- Attitudes towards spending and saving (close watch on financial affairs, pay bills timeously, consider affordability prior to purchases, money is there to be spent)

Of those interviewed, 27% indicated that they were personally responsible for **daily household money management**, with a further 37% having a shared role in managing resources. Approximately a third (34%) was dependent on someone else for financial planning. Unfortunately the survey did not examine responsibility across different aspects of household finances, which may have produced more nuanced results. Nonetheless, the results do indicate that a considerable share of South

African adults have at least some stake in household financial decision-making processes, though for the third that do not the inevitable question is whether the person(s) to whom authority over monetary resources is delegated is financially capable or not.

In common with financial capability survey results from the UK (Atkinson et al, 2006) we find that those less likely to have responsibility in daily money household money matters were young people in their late teens or 20s (76% and 50% respectively rely on others) as well as students (80% depend on others), with no difference between men and women in general. In addition, the South African results point to greater financial dependence among unemployed work-seekers (52%) and single parents (61%).

Slightly more than half (55%) of South African respondents indicated the **presence of a household budget**, which is comparable to a country such as Canada, where a 2009 survey estimated that 51% of citizens had a household budget (Arrowsmith & Pignal, 2010: 15). Salient subgroup differences exist by race, educational attainment, and poverty status, with the likelihood of reporting the existence of a budget declining as household-level deprivation and inequality of opportunity increases.

In terms of **making ends meet**, nearly half (44%) of South African adults had personally experienced income shortfalls in the year prior to interviewing. Those least likely to make ends meet were those with no formal education or only primary education, those unable to work due to health considerations, the unemployed and those in part-time work. Black, female and 50-70 year-old respondents were also more greatly predisposed towards reporting income shortfalls. Having a household budget did not seem to make much difference, with almost equivalent shares of those with (45%) and without a budget (47%) reporting income shortfalls. In a country typified by extreme levels of income inequality, the anticipated relationship between deprivation and ability to live within one's means is evident, with appreciably higher than average experience of shortfalls among those (i) with self-reported low income, (ii) in the poorest quintiles of the income distribution, (iii) a low living standard level, and (iv) resident in rural traditional authority areas or informal urban settlements.

Of those experiencing economic hardship, where income is unable to meet household needs, the most common **coping responses** are either to borrow in cash or kind from family and friends (49% of those reporting income shortfalls) or merely to cut back on spending and to do without (30% of those running short of money). Other strategies are hardly relied upon at all, for instance using existing financial products such as credit cards or overdraft facilities (1%), or taking on new credit from formal or informal sources (6%). It is plausible that this may - at least to some degree - reflect a sense of caution among South Africans in relation to credit. Even the use

of savings, pawning assets, working overtime, paying bills late or skipping payment altogether were relatively circumscribed, present in fewer than a tenth of cases.

Therefore, a sizable proportion of the population is under strain to maintain financial commitments, and relies nominally on financial products to help address deficits. As with countries such as Romania (Stănculescu, 2010), we find rather than borrowing from relatives and friends and scaling back on expenditures are the main approach to dealing with periods of financial strain.

Several statements were also included in the survey to evaluate **attitudes to spending and saving**. South Africans tend to have a favourable view of their approach to financial management, with 61% suggesting they are always prudent in considering affordability before making purchases, 60% stating that they always or often pay their bills on time, and 62% always or often keeping a close watch over their personal finances. A more ambivalent – and somewhat inconsistent - view emerges in relation to whether South Africans consider themselves spenders or savers, with 42% believing that “money is there to be spent” compared to 39% voicing disagreement.

#### **7.1.1. Methodological reflections on the money management domain**

- *Daily money management* (WHOMM): possibly consider a few key aspects of finances rather than one general category.
- *Budgeting*: the current measure of budgeting focuses on the presence of a household budget. Yet,
- *Making ends meet*: may be interesting to explore measures of the frequency and severity of income shortfalls within the reference period rather than a less precise measure of experience.

#### **7.2. Financial planning**

With regard to savings behaviour, the survey results suggest that a significant majority saved in at least one type of savings instrument in the year prior to interviewing. Paying money into a savings account or building up a balance of money in a bank account were among the most common responses, which is undoubtedly related to the prevalence of the holding of bank accounts relative to other financial products. Saving cash at home or in one's wallet is also quite prevalent, cited by 17% of respondents. Nonetheless, the question of forms of savings did yield considerable item non-response - 10% indicated they were unsure of whether they saved in the last year and 14% refused to answer - which may reflect the sensitivity of the question or possibly stigma associated with poverty and an inability to save.

### 7.2.1. Possible methodological refinement to the financial planning domain

*Savings:* The question about forms of savings posed some methodological problems. Almost a quarter of respondents did not answer that question, either refusing or stating “don’t know”. Methodologically this is problematic, since these responses cannot form part of the core analysis. This problem might be solved by including additional categories. A category “I have no income” should be provided, as well as including a category “I don’t save money”.

### 7.3. Choosing financial products

The ability to choose appropriate products that meet one’s needs is considered another fundamental component of financial literacy, including an awareness of the features and risks associated with a range of financial products, as well as shopping around before buying products. This is considered a critical area of measurement since many national studies on financial literacy conducted to date suggest that capabilities in this specific domain tend to be relatively weak (Kempson, 2009).

The survey results indicate that South African adults have a moderate to low level of **awareness of financial products**. There was a basic familiarity with only half of the 14 different financial products that were mentioned, and although there was near universal awareness of a bank account (91%), the next highest level of awareness (68% in relation to credit cards) was significantly lower. Barely half the adult population were aware of private pension funds and home bonds, with less than a third knowing of microfinance loans, stocks and shares, unsecured bank loans, and retail bonds. Considerable differences in the awareness of products were evident between different population groups, as situation that appears to be attributable to socio-economic inequalities, especially in relation to the educational and employment status.

As for the **use of financial products**, a fifth (20%) reported that they currently owned none of the listed 14 products, with 75% owning at least one of the products. This is broadly comparable with the 23% of South Africans aged 16 years and older that the 2010 FinScope survey identified as ‘unserved’ due to the fact that they hold no financial products (Finmark Trust, 2010). Approximately two-thirds (68%) have a bank account, though less than a fifth hold any of the other products. In terms of market participation, 55% had chosen one or more financial products in the last financial year - mostly a bank account - with 38% making no purchase within this reference period. Again large disparities were observed on the basis of race, education, as well as work and income status.

In making choices about financial products, South Africans do appear to engage in some form of **comparative shopping**. Nearly half of adults (48%) that purchased a

product in the last two years considered shopped around at different companies before making their decision, with another fifth (19%) considering different products from a single company. Only 18% suggested that they did not shop around prior to making their purchase. As for **information seeking** prior to purchase, in 28% of cases product information (especially via banks) influenced product decisions while general advice from family and friends were relied on in 26% of cases. The seeking of guidance of best buys as well as the use of media coverage and advertisements was of lesser importance in the decision making process.

### 7.3.1. Methodological reflections on the financial products domain

During the analysis of the financial product choice section of the survey instrument, several issues emerged that warrant further discussion and methodological reflection for future efforts at assessing and monitoring financial literacy in the country.

- There is a need to consider additional context-specific supplementation to the list of products suggested for inclusion by the International Network for Financial Education (INFE). This would need to include:
  - (i) a fuller list of formal sector products, especially in relation to types of credit such as student loans, hire purchase and store cards (all of which are common in the country and represent oversights in the instrument design process) ;
  - (ii) additional, more informal forms of financial products that are common in the country, such as burial societies and *mashonisas* (unregistered loan sharks).
  - (iii) the possible disaggregation of some of the generic products provided (e.g. separate items for funeral insurance, car insurance and house contents insurance); and
  - (iv) further examination of colloquial terms used for different products across the eleven official languages, to ensure that there is not an underestimation in levels of awareness and holding of products.
- For variables QC1\_a to QC1\_c (PRODHEAR, PRODHOLD and PRODCH) there is a need to include a “none of the above” option at the end of the list of products, as “don’t know” does not serve as an adequate proxy.
- There was considerable ‘noise’ in the variable describing the manner in which products that were taken in the last two years were chosen by respondents (QC2, CHPROD). This is probably attributable to the fairly complex interviewer instructions associated with QC1 and QC2. Thought needs to be given to somehow simplifying the way in which these items are administered in future, to avoid similar problems recurring.

## 7.4. Financial knowledge

As Kempson (2009: 23) observes, the topic of financial knowledge and understanding is one that has received extensive coverage in surveys, though the form that these questions have assumed is wide-ranging and inconsistently applied. The OECD INFE pilot module focuses primarily on testing familiarity with basic financial concepts pertaining to financial literacy: mathematical skills (division), the effects of inflation, interest on loans and deposits, compound interest, knowledge of risk diversification, and the relationship between risk and return.

In general, there appears to be a **moderate level of knowledge and understanding of fundamental financial matters among the South African population** aged 16 years and older, with a mere 6% answering all eight questions correctly. Slightly less than half of respondents (43%) answered fewer than five of the questions correctly.

Of the set of items, while most were able to supply correct responses to the basic arithmetic question (80%) and inflation questions (78% ), the proportion responding correctly reduces somewhat in relation to interest on loans (66% correct) but considerably in relation to issues of interest rates on savings and compound interest (45% and 37% correct responses respectively). Even though there does seem to be a broad appreciation of the fact that high return investments often entail high risk (73% declaring this 'true'), there is widespread ambivalence about risk diversification.

## 7.5. In summary

The empirical data and findings presented in this report represent an initial contribution to a broader exercise directed at harmonising the measurement of financial literacy globally. It also provides an initial testing in the South African context of a multidimensional approach to conceptualising financial literacy. This approach is premised on an assessment of individual capabilities in relation to four specific components (day-to-day money management, financial planning, choosing financial products, and keeping informed) and thus recognises that a person may have differential competencies across these different domains.

The pilot study results clearly indicate that South Africans exhibit moderate to low levels of financial literacy on many indicators across the four domains and point to the need for a national strategy on financial education that will endeavour to promote an improved awareness of financial products and concepts in addition to increasing financial inclusion. Fortunately, South Africa is among a relatively circumscribed group of nations that has begun the preparation of such a strategy document. The extent of the political will in this regard is effectively conveyed by the Minister of

Finance, Pravin Gordhan, when he stated in a 2009 speech that, “the need for more comprehensive efforts to improve the financial literacy of consumers has been highlighted during the current economic crisis, and is evident by the high debt levels of many consumers” (Gordhan, 2009: 8).

In addition to the need for a coordinated approach to consumer financial education, there is a concomitant imperative for measuring progress towards the societal objectives on financial wellbeing that would be at the heart of such a policy document. This would involve a comprehensive baseline assessment of financial literacy (behavioural, attitudinal and knowledge aspects) in the country at the inception of the national strategy to identify needs, gaps and target groups, but also periodic evaluations of the cumulative effect of interventions directed at improving financial literacy. It is only by adopting such practices that we can ensure that suitably targeted and adaptive policy, programmatic and project-based interventions serve to progressively realise the vision of a financial capable citizenry that is able to make informed decisions in the face of risk and vulnerability.

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## 9. Appendices

### 9.1. Appendix Tables

**Appendix Table 1: Attitudes to financial planning, by personal attributes (mean scores using 0-100 scale)**

|                                         | Mean score | Oneway ANOVA results |                                                                                                                                                                                                                                                                                                      |
|-----------------------------------------|------------|----------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                         |            | Significance         | Post-hoc Scheffe test                                                                                                                                                                                                                                                                                |
| South Africa                            | 60.1       |                      |                                                                                                                                                                                                                                                                                                      |
| Male                                    | 60.6       | n.s.                 |                                                                                                                                                                                                                                                                                                      |
| Female                                  | 59.7       |                      |                                                                                                                                                                                                                                                                                                      |
| 16-19 years                             | 58.8       | **                   | <ul style="list-style-type: none"> <li>16-19 years &lt; 60-69 years</li> <li>20-29 years &lt; those aged 40-69 years</li> <li>30-39 years &lt; 60-69 years</li> </ul>                                                                                                                                |
| 20-29 years                             | 56.6       |                      |                                                                                                                                                                                                                                                                                                      |
| 30-39 years                             | 59.9       |                      |                                                                                                                                                                                                                                                                                                      |
| 40-49 years                             | 62.1       |                      |                                                                                                                                                                                                                                                                                                      |
| 50-59 years                             | 63.7       |                      |                                                                                                                                                                                                                                                                                                      |
| 60-69 years                             | 66.5       |                      |                                                                                                                                                                                                                                                                                                      |
| 70+ years                               | 63.7       |                      |                                                                                                                                                                                                                                                                                                      |
| Black African                           | 59.7       | **                   | <ul style="list-style-type: none"> <li>Coloured &lt; African &lt; Indian, white</li> </ul>                                                                                                                                                                                                           |
| Coloured                                | 52.9       |                      |                                                                                                                                                                                                                                                                                                      |
| Indian                                  | 67.6       |                      |                                                                                                                                                                                                                                                                                                      |
| White                                   | 66.7       |                      |                                                                                                                                                                                                                                                                                                      |
| Higher than degree level                | 66.6       | **                   | <ul style="list-style-type: none"> <li>Some primary &lt; university level education, technical / vocational, complete secondary</li> <li>Complete primary, some secondary &lt; university level education, technical / vocational</li> <li>Complete secondary &lt; technical / vocational</li> </ul> |
| University level education              | 68.6       |                      |                                                                                                                                                                                                                                                                                                      |
| Technical / vocational                  | 70.4       |                      |                                                                                                                                                                                                                                                                                                      |
| Complete secondary                      | 61.1       |                      |                                                                                                                                                                                                                                                                                                      |
| Some secondary                          | 58.3       |                      |                                                                                                                                                                                                                                                                                                      |
| Complete primary                        | 56.4       |                      |                                                                                                                                                                                                                                                                                                      |
| Some primary                            | 54.9       |                      |                                                                                                                                                                                                                                                                                                      |
| No formal education                     | 63.0       |                      |                                                                                                                                                                                                                                                                                                      |
| Self-employed (30 hours+/week)          | 69.1       | **                   | <ul style="list-style-type: none"> <li>Looking for work &lt; Self empl (30 hours+/week), Paid empl (30 hours+/week), retired</li> <li>Student &lt; Self empl (30 hours+/week)</li> </ul>                                                                                                             |
| Paid employment (30 hours+/week)        | 61.6       |                      |                                                                                                                                                                                                                                                                                                      |
| Paid employment (<30 hours/week)        | 62.3       |                      |                                                                                                                                                                                                                                                                                                      |
| Looking for work                        | 55.5       |                      |                                                                                                                                                                                                                                                                                                      |
| Looking after the home                  | 60.1       |                      |                                                                                                                                                                                                                                                                                                      |
| Unable to work (sickness / ill-health ) | 60.1       |                      |                                                                                                                                                                                                                                                                                                      |
| Retired                                 | 63.3       |                      |                                                                                                                                                                                                                                                                                                      |
| Student                                 | 55.5       |                      |                                                                                                                                                                                                                                                                                                      |
| Not working, not looking                | 60.1       |                      |                                                                                                                                                                                                                                                                                                      |

Note: \*\* indicates significance at the 1 percent level. \* indicates significance at the 5 percent level.

**Appendix Table 2: Attitudes to financial planning, by household-level material deprivation (mean scores using 0-100 scale)**

|                         | Mean score | Oneway ANOVA results |                                                          |
|-------------------------|------------|----------------------|----------------------------------------------------------|
|                         |            | Significance         | Post-hoc Scheffe test                                    |
| Low income              | 56.3       | **                   | • Low < average, high                                    |
| Average income          | 63.6       |                      |                                                          |
| High income             | 67.7       |                      |                                                          |
| Poorest quintile        | 57.7       | **                   | • Poorest quintile, Q2, Q3 < Q4, richest quintile        |
| Quintile 2              | 57.5       |                      |                                                          |
| Quintile 3              | 58.3       |                      |                                                          |
| Quintile 4              | 63.0       |                      |                                                          |
| Richest quintile        | 65.4       |                      |                                                          |
| Low LSM                 | 53.9       | **                   | • All mean scores are significantly different            |
| Medium LSM              | 58.6       |                      |                                                          |
| High LSM                | 64.1       |                      |                                                          |
| Urban formal            | 60.2       | **                   | • Urban informal < Urban formal, Rural trad. auth. areas |
| Urban informal          | 55.2       |                      |                                                          |
| Rural trad. auth. areas | 62.1       |                      |                                                          |
| Rural farmworker HH     | 56.3       |                      |                                                          |

Note: \*\* indicates significance at the 1 percent level. \* indicates significance at the 5 percent level.

**Appendix Table 3: Number of financial products currently held, by personal attributes (mean scores)**

|                                        | Mean score | Oneway ANOVA results |                                                                                                                                                                                                                                                                                                                                                                                                        |
|----------------------------------------|------------|----------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                        |            | Significance         | Post-hoc Scheffe test                                                                                                                                                                                                                                                                                                                                                                                  |
| South Africa                           | 1.78       |                      |                                                                                                                                                                                                                                                                                                                                                                                                        |
| Male                                   | 1.90       | **                   | • Female < male                                                                                                                                                                                                                                                                                                                                                                                        |
| Female                                 | 1.67       |                      |                                                                                                                                                                                                                                                                                                                                                                                                        |
| 16-19 years                            | 0.85       | **                   | • 16-19 years < all other age groups<br>• 20-29 years < those aged 30-69 years<br>• 30-39 years, 40-49 years < 70+ years                                                                                                                                                                                                                                                                               |
| 20-29 years                            | 1.53       |                      |                                                                                                                                                                                                                                                                                                                                                                                                        |
| 30-39 years                            | 2.17       |                      |                                                                                                                                                                                                                                                                                                                                                                                                        |
| 40-49 years                            | 2.22       |                      |                                                                                                                                                                                                                                                                                                                                                                                                        |
| 50-59 years                            | 2.12       |                      |                                                                                                                                                                                                                                                                                                                                                                                                        |
| 60-69 years                            | 1.97       |                      |                                                                                                                                                                                                                                                                                                                                                                                                        |
| 70+ years                              | 1.60       |                      |                                                                                                                                                                                                                                                                                                                                                                                                        |
| Black African                          | 1.56       | **                   | • African, coloured < Indian, white                                                                                                                                                                                                                                                                                                                                                                    |
| Coloured                               | 1.58       |                      |                                                                                                                                                                                                                                                                                                                                                                                                        |
| Indian                                 | 2.57       |                      |                                                                                                                                                                                                                                                                                                                                                                                                        |
| White                                  | 3.42       |                      |                                                                                                                                                                                                                                                                                                                                                                                                        |
| Higher than degree level               | 3.73       | **                   | • No formal education < Higher than degree level, university level education, technical / vocational, complete secondary, some secondary<br>• Some primary, complete primary, some secondary < Higher than degree level, university level education, technical / vocational, complete secondary<br>• Complete secondary < Higher than degree level, university level education, technical / vocational |
| University level education             | 3.88       |                      |                                                                                                                                                                                                                                                                                                                                                                                                        |
| Technical / vocational                 | 3.41       |                      |                                                                                                                                                                                                                                                                                                                                                                                                        |
| Complete secondary                     | 2.11       |                      |                                                                                                                                                                                                                                                                                                                                                                                                        |
| Some secondary                         | 1.33       |                      |                                                                                                                                                                                                                                                                                                                                                                                                        |
| Complete primary                       | 1.30       |                      |                                                                                                                                                                                                                                                                                                                                                                                                        |
| Some primary                           | 1.15       |                      |                                                                                                                                                                                                                                                                                                                                                                                                        |
| No formal education                    | 0.74       |                      |                                                                                                                                                                                                                                                                                                                                                                                                        |
| Self-employed (30 hours+/week)         | 3.05       | **                   | • Not working, not looking; student < Self empl (30 hours+/week), Paid empl (30 hours+/week, < 30 hours/week), retired<br>• Looking for work < Self empl (30 hours+/week), Paid empl (30 hours+/week, < 30 hours/week)<br>• Unable to work; looking after household; retired < Self empl (30 hours+/week), Paid empl (30 hours+/week)                                                                  |
| Paid employment (30 hours+/week)       | 2.65       |                      |                                                                                                                                                                                                                                                                                                                                                                                                        |
| Paid employment (<30 hours/week)       | 2.29       |                      |                                                                                                                                                                                                                                                                                                                                                                                                        |
| Looking for work                       | 1.20       |                      |                                                                                                                                                                                                                                                                                                                                                                                                        |
| Looking after the home                 | 1.57       |                      |                                                                                                                                                                                                                                                                                                                                                                                                        |
| Unable to work (sickness / ill-health) | 1.52       |                      |                                                                                                                                                                                                                                                                                                                                                                                                        |
| Retired                                | 2.03       |                      |                                                                                                                                                                                                                                                                                                                                                                                                        |
| Student                                | 1.11       |                      |                                                                                                                                                                                                                                                                                                                                                                                                        |
| Not working, not looking               | 1.05       |                      |                                                                                                                                                                                                                                                                                                                                                                                                        |

Note: \*\* indicates significance at the 1 percent level. \* indicates significance at the 5 percent level.

**Appendix Table 4: Number of financial products currently held, by household-level material deprivation (mean scores)**

|                         | Mean score | Oneway ANOVA results |                                                                               |
|-------------------------|------------|----------------------|-------------------------------------------------------------------------------|
|                         |            | Significance         | Post-hoc Scheffe test                                                         |
| Low income              | 1.16       | **                   | • All mean scores are significantly different                                 |
| Average income          | 2.43       |                      |                                                                               |
| High income             | 3.40       |                      |                                                                               |
| Poorest quintile        | 1.18       | **                   | • Poorest quintile, Q2, Q3 < Q4, richest quintile                             |
| Quintile 2              | 1.20       |                      |                                                                               |
| Quintile 3              | 1.40       |                      |                                                                               |
| Quintile 4              | 1.96       |                      |                                                                               |
| Richest quintile        | 3.24       |                      |                                                                               |
| Low LSM                 | 0.73       | **                   | • All mean scores are significantly different                                 |
| Medium LSM              | 1.40       |                      |                                                                               |
| High LSM                | 2.69       |                      |                                                                               |
| Urban formal            | 2.13       | **                   | • Rural trad. auth. areas, Rural farmworker HH, Urban informal < Urban formal |
| Urban informal          | 1.52       |                      |                                                                               |
| Rural trad. auth. areas | 1.33       |                      |                                                                               |
| Rural farmworker HH     | 1.41       |                      |                                                                               |

Note: \*\* indicates significance at the 1 percent level. \* indicates significance at the 5 percent level.

**Appendix Table 5: Number of financial products chosen in last two years, by personal attributes (mean scores)**

|                                         | Mean score | Oneway ANOVA results |                                                                                                                                                                                                                                                                                                      |
|-----------------------------------------|------------|----------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                         |            | Significance         | Post-hoc Scheffe test                                                                                                                                                                                                                                                                                |
| South Africa                            | 0.921      |                      |                                                                                                                                                                                                                                                                                                      |
| Male                                    | 0.976      | *                    | • Female < male                                                                                                                                                                                                                                                                                      |
| Female                                  | 0.871      |                      |                                                                                                                                                                                                                                                                                                      |
| 16-19 years                             | 0.578      | **                   | • 16-19 years < 30-39 years. 40-49 years, 50-59 years<br>• 20-29 years < 30-39 years                                                                                                                                                                                                                 |
| 20-29 years                             | 0.870      |                      |                                                                                                                                                                                                                                                                                                      |
| 30-39 years                             | 1.146      |                      |                                                                                                                                                                                                                                                                                                      |
| 40-49 years                             | 1.026      |                      |                                                                                                                                                                                                                                                                                                      |
| 50-59 years                             | 0.937      |                      |                                                                                                                                                                                                                                                                                                      |
| 60-69 years                             | 0.889      |                      |                                                                                                                                                                                                                                                                                                      |
| 70+ years                               | 0.850      |                      |                                                                                                                                                                                                                                                                                                      |
| Black African                           | 0.891      | **                   | • Coloured < African, white<br>• Indian, African < white                                                                                                                                                                                                                                             |
| Coloured                                | 0.693      |                      |                                                                                                                                                                                                                                                                                                      |
| Indian                                  | 0.820      |                      |                                                                                                                                                                                                                                                                                                      |
| White                                   | 1.406      |                      |                                                                                                                                                                                                                                                                                                      |
| Higher than degree level                | 1.087      | **                   | • No formal education < Higher than degree level, university level education, technical / vocational, complete secondary<br>• Some primary, complete primary, some secondary < University level education, technical / vocational, complete secondary<br>• Complete secondary < technical/vocational |
| University level education              | 1.522      |                      |                                                                                                                                                                                                                                                                                                      |
| Technical / vocational                  | 1.531      |                      |                                                                                                                                                                                                                                                                                                      |
| Complete secondary                      | 1.132      |                      |                                                                                                                                                                                                                                                                                                      |
| Some secondary                          | 0.756      |                      |                                                                                                                                                                                                                                                                                                      |
| Complete primary                        | 0.577      |                      |                                                                                                                                                                                                                                                                                                      |
| Some primary                            | 0.659      |                      |                                                                                                                                                                                                                                                                                                      |
| No formal education                     | 0.377      |                      |                                                                                                                                                                                                                                                                                                      |
| Self-employed (30 hours+/week)          | 1.247      | **                   | • Not working, not looking; student; looking for work < Self empl (30 hours+/week), paid empl (30 hours+/week)<br>• Unable to work < Paid empl (<30 hours/week), Paid empl (30+ hours/week)<br>• Retired < Paid empl (30+ hours/week)                                                                |
| Paid employment (30 hours+/week)        | 1.295      |                      |                                                                                                                                                                                                                                                                                                      |
| Paid employment (<30 hours/week)        | 1.087      |                      |                                                                                                                                                                                                                                                                                                      |
| Looking for work                        | 0.718      |                      |                                                                                                                                                                                                                                                                                                      |
| Looking after the home                  | 0.843      |                      |                                                                                                                                                                                                                                                                                                      |
| Unable to work (sickness / ill-health ) | 0.748      |                      |                                                                                                                                                                                                                                                                                                      |
| Retired                                 | 0.817      |                      |                                                                                                                                                                                                                                                                                                      |
| Student                                 | 0.709      |                      |                                                                                                                                                                                                                                                                                                      |
| Not working, not looking                | 0.634      |                      |                                                                                                                                                                                                                                                                                                      |

Note: \*\* indicates significance at the 1 percent level. \* indicates significance at the 5 percent level.

**Appendix Table 6: Number of financial products chosen in last two years, by household-level material deprivation (mean scores)**

|                         | Mean score | Oneway ANOVA results |                                                                              |
|-------------------------|------------|----------------------|------------------------------------------------------------------------------|
|                         |            | Significance         | Post-hoc Scheffe test                                                        |
| Low income              | 1.16       | **                   | • Low income < average, high income                                          |
| Average income          | 2.43       |                      |                                                                              |
| High income             | 3.40       |                      |                                                                              |
| Poorest quintile        | 1.18       | **                   | • Poorest quintile, Q2, Q3 < Q4, richest quintile<br>• Q4 < richest quintile |
| Quintile 2              | 1.20       |                      |                                                                              |
| Quintile 3              | 1.40       |                      |                                                                              |
| Quintile 4              | 1.96       |                      |                                                                              |
| Richest quintile        | 3.24       |                      |                                                                              |
| Low LSM                 | 0.73       | **                   | • All mean scores are significantly different                                |
| Medium LSM              | 1.40       |                      |                                                                              |
| High LSM                | 2.69       |                      |                                                                              |
| Urban formal            | 2.13       | **                   | • Rural trad. auth. areas, Rural farmworker HH < Urban formal                |
| Urban informal          | 1.52       |                      |                                                                              |
| Rural trad. auth. areas | 1.33       |                      |                                                                              |
| Rural farmworker HH     | 1.41       |                      |                                                                              |

Note: \*\* indicates significance at the 1 percent level. \* indicates significance at the 5 percent level.

**Appendix Table 7: Number of financial products currently held and chosen in last two years, by personal attributes (mean scores)**

|                                         | Mean score | Oneway ANOVA results |                                                                                                                                                                                                                                                                                                                                                                                                      |
|-----------------------------------------|------------|----------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                         |            | Significance         | Post-hoc Scheffe test                                                                                                                                                                                                                                                                                                                                                                                |
| South Africa                            | 2.69       |                      |                                                                                                                                                                                                                                                                                                                                                                                                      |
| Male                                    | 2.87       | *                    | • Female < male                                                                                                                                                                                                                                                                                                                                                                                      |
| Female                                  | 2.53       |                      |                                                                                                                                                                                                                                                                                                                                                                                                      |
| 16-19 years                             | 1.43       | **                   | • 16-19 years < all older age groups<br>• 20-29 years < 30-39 years, 40-49 years, 50-59 years                                                                                                                                                                                                                                                                                                        |
| 20-29 years                             | 2.39       |                      |                                                                                                                                                                                                                                                                                                                                                                                                      |
| 30-39 years                             | 3.31       |                      |                                                                                                                                                                                                                                                                                                                                                                                                      |
| 40-49 years                             | 3.22       |                      |                                                                                                                                                                                                                                                                                                                                                                                                      |
| 50-59 years                             | 3.04       |                      |                                                                                                                                                                                                                                                                                                                                                                                                      |
| 60-69 years                             | 2.84       |                      |                                                                                                                                                                                                                                                                                                                                                                                                      |
| 70+ years                               | 2.41       |                      |                                                                                                                                                                                                                                                                                                                                                                                                      |
| Black African                           | 2.46       | **                   | • Coloured, African < Indian, white<br>• Indian < white                                                                                                                                                                                                                                                                                                                                              |
| Coloured                                | 2.28       |                      |                                                                                                                                                                                                                                                                                                                                                                                                      |
| Indian                                  | 3.34       |                      |                                                                                                                                                                                                                                                                                                                                                                                                      |
| White                                   | 4.77       |                      |                                                                                                                                                                                                                                                                                                                                                                                                      |
| Higher than degree level                | 4.71       | **                   | • No formal education < Higher than degree level, university level education, technical / vocational, complete secondary, some secondary<br>• Some primary, complete primary, some secondary < Higher than degree level, university level education, technical / vocational, complete secondary<br>• Complete secondary < Higher than degree level, university level education, technical/vocational |
| University level education              | 5.35       |                      |                                                                                                                                                                                                                                                                                                                                                                                                      |
| Technical / vocational                  | 4.90       |                      |                                                                                                                                                                                                                                                                                                                                                                                                      |
| Complete secondary                      | 3.25       |                      |                                                                                                                                                                                                                                                                                                                                                                                                      |
| Some secondary                          | 2.08       |                      |                                                                                                                                                                                                                                                                                                                                                                                                      |
| Complete primary                        | 1.89       |                      |                                                                                                                                                                                                                                                                                                                                                                                                      |
| Some primary                            | 1.81       |                      |                                                                                                                                                                                                                                                                                                                                                                                                      |
| No formal education                     | 1.09       |                      |                                                                                                                                                                                                                                                                                                                                                                                                      |
| Self-employed (30 hours+/week)          | 4.25       | **                   | • Not working, not looking; student; looking for work < Self empl (30 hours+/week), paid empl (30 hours+/week), paid empl (<30 hours/week), retired<br>• Looking for work < Self empl (30 hours+/week), paid empl (30 hours+/week), paid empl (<30 hours/week)<br>• Unable to work, looking after home, retired < Self empl (30 hours+/week), paid empl (30 hours+/week),                            |
| Paid employment (30 hours+/week)        | 3.95       |                      |                                                                                                                                                                                                                                                                                                                                                                                                      |
| Paid employment (<30 hours/week)        | 3.36       |                      |                                                                                                                                                                                                                                                                                                                                                                                                      |
| Looking for work                        | 1.90       |                      |                                                                                                                                                                                                                                                                                                                                                                                                      |
| Looking after the home                  | 2.41       |                      |                                                                                                                                                                                                                                                                                                                                                                                                      |
| Unable to work (sickness / ill-health ) | 2.26       |                      |                                                                                                                                                                                                                                                                                                                                                                                                      |
| Retired                                 | 2.81       |                      |                                                                                                                                                                                                                                                                                                                                                                                                      |
| Student                                 | 1.82       |                      |                                                                                                                                                                                                                                                                                                                                                                                                      |
| Not working, not looking                | 1.68       |                      |                                                                                                                                                                                                                                                                                                                                                                                                      |

Note: \*\* indicates significance at the 1 percent level. \* indicates significance at the 5 percent level.

**Appendix Table 8: Number of financial products currently held and chosen in last two years, by household-level material deprivation (mean scores)**

|                         | Mean score | Oneway ANOVA results |                                                                               |
|-------------------------|------------|----------------------|-------------------------------------------------------------------------------|
|                         |            | Significance         | Post-hoc Scheffe test                                                         |
| Low income              | 1.87       | **                   | • All mean scores are significantly different                                 |
| Average income          | 3.60       |                      |                                                                               |
| High income             | 4.44       |                      |                                                                               |
| Poorest quintile        | 1.98       | **                   | • Poorest quintile, Q2, Q3 < Q4, richest quintile<br>• Q4 < richest quintile  |
| Quintile 2              | 1.83       |                      |                                                                               |
| Quintile 3              | 2.20       |                      |                                                                               |
| Quintile 4              | 3.03       |                      |                                                                               |
| Richest quintile        | 4.58       |                      |                                                                               |
| Low LSM                 | 1.20       | **                   | • All mean scores are significantly different                                 |
| Medium LSM              | 2.21       |                      |                                                                               |
| High LSM                | 3.83       |                      |                                                                               |
| Urban formal            | 3.16       | **                   | • Rural trad. auth. areas, Rural farmworker HH, urban informal < Urban formal |
| Urban informal          | 2.46       |                      |                                                                               |
| Rural trad. auth. areas | 2.08       |                      |                                                                               |
| Rural farmworker HH     | 2.08       |                      |                                                                               |

Note: \*\* indicates significance at the 1 percent level. \* indicates significance at the 5 percent level.

**Appendix Table 9: Manner in which financial products were chosen in last two years, by personal and household-level attributes (row percent)**

|                            | Considered<br>several products<br>from different<br>companies | Considered<br>various<br>products from<br>one company | Did not<br>consider<br>other<br>products | Looked around but<br>no other products to<br>consider | (Don't<br>know) | (Refused) | (Missing<br>data) | Total | N    | Not<br>applicable –<br>no product<br>chosen | N    |
|----------------------------|---------------------------------------------------------------|-------------------------------------------------------|------------------------------------------|-------------------------------------------------------|-----------------|-----------|-------------------|-------|------|---------------------------------------------|------|
| South Africa               | 48                                                            | 19                                                    | 18                                       | 6                                                     | 2               | 1         | 6                 | 100   | 1627 | 1476                                        | 3103 |
| Male                       | 51                                                            | 18                                                    | 16                                       | 6                                                     | 2               | 1         | 6                 | 100   | 685  | 578                                         | 1263 |
| Female                     | 44                                                            | 21                                                    | 20                                       | 6                                                     | 2               | 1         | 6                 | 100   | 942  | 898                                         | 1840 |
| 16-19 years                | 36                                                            | 24                                                    | 21                                       | 7                                                     | 4               | 0         | 8                 | 100   | 93   | 152                                         | 245  |
| 20-29 years                | 49                                                            | 18                                                    | 16                                       | 4                                                     | 3               | 1         | 9                 | 100   | 410  | 338                                         | 748  |
| 30-39 years                | 50                                                            | 18                                                    | 20                                       | 7                                                     | 1               | 0         | 5                 | 100   | 400  | 255                                         | 655  |
| 40-49 years                | 56                                                            | 17                                                    | 16                                       | 6                                                     | 1               | 2         | 2                 | 100   | 290  | 258                                         | 548  |
| 50-59 years                | 43                                                            | 23                                                    | 20                                       | 6                                                     | 2               | 1         | 5                 | 100   | 193  | 225                                         | 418  |
| 60-69 years                | 42                                                            | 25                                                    | 15                                       | 6                                                     | 1               | 1         | 8                 | 100   | 153  | 162                                         | 315  |
| 70+ years                  | 39                                                            | 14                                                    | 14                                       | 24                                                    | 4               | 2         | 3                 | 100   | 72   | 70                                          | 142  |
| Black                      | 45                                                            | 20                                                    | 20                                       | 6                                                     | 2               | 1         | 6                 | 100   | 997  | 782                                         | 1779 |
| Coloured                   | 45                                                            | 17                                                    | 20                                       | 7                                                     | 3               | 1         | 7                 | 100   | 273  | 290                                         | 563  |
| Indian                     | 63                                                            | 17                                                    | 5                                        | 6                                                     | 1               | 1         | 6                 | 100   | 146  | 218                                         | 364  |
| White                      | 64                                                            | 17                                                    | 7                                        | 6                                                     | 2               | 1         | 4                 | 100   | 211  | 185                                         | 396  |
| Higher than degree level   | 42                                                            | 31                                                    | 7                                        | 16                                                    | 3               | 0         | 1                 | 100   | 32   | 34                                          | 66   |
| University education       | 73                                                            | 15                                                    | 7                                        | 4                                                     | 0               | 0         | 2                 | 100   | 86   | 43                                          | 129  |
| Technical / vocational     | 52                                                            | 22                                                    | 18                                       | 6                                                     | 0               | 1         | 2                 | 100   | 108  | 64                                          | 172  |
| Complete secondary         | 48                                                            | 22                                                    | 15                                       | 5                                                     | 2               | 1         | 8                 | 100   | 568  | 388                                         | 956  |
| Some secondary             | 45                                                            | 19                                                    | 19                                       | 6                                                     | 2               | 2         | 6                 | 100   | 545  | 564                                         | 1109 |
| Complete primary           | 46                                                            | 16                                                    | 27                                       | 7                                                     | 2               | 0         | 3                 | 100   | 57   | 87                                          | 144  |
| Some primary               | 46                                                            | 10                                                    | 29                                       | 5                                                     | 4               | 0         | 6                 | 100   | 159  | 173                                         | 332  |
| No formal education        | 24                                                            | 18                                                    | 34                                       | 16                                                    | 3               | 3         | 3                 | 100   | 40   | 82                                          | 122  |
| Self-empl (30 hours+/week) | 58                                                            | 19                                                    | 15                                       | 4                                                     | 0               | 1         | 3                 | 100   | 152  | 261                                         | 413  |
| Paid empl (30 hours+/week) | 59                                                            | 17                                                    | 12                                       | 4                                                     | 2               | 1         | 5                 | 100   | 432  | 686                                         | 1118 |
| Paid empl (<30 hours/week) | 40                                                            | 25                                                    | 17                                       | 15                                                    | 0               | 2         | 2                 | 100   | 85   | 141                                         | 226  |
| Looking for work           | 45                                                            | 16                                                    | 23                                       | 5                                                     | 3               | 1         | 7                 | 100   | 330  | 655                                         | 985  |
| Looking after the home     | 38                                                            | 28                                                    | 7                                        | 12                                                    | 0               | 0         | 14                | 100   | 76   | 169                                         | 245  |
| Unable to work             | 38                                                            | 25                                                    | 25                                       | 3                                                     | 3               | 0         | 7                 | 100   | 60   | 114                                         | 174  |
| Retired                    | 41                                                            | 17                                                    | 18                                       | 14                                                    | 2               | 1         | 8                 | 100   | 147  | 307                                         | 454  |
| Student                    | 32                                                            | 23                                                    | 28                                       | 5                                                     | 1               | 1         | 9                 | 100   | 112  | 262                                         | 374  |
| Not working, not looking   | 55                                                            | 13                                                    | 16                                       | 4                                                     | 4               | 2         | 6                 | 100   | 110  | 268                                         | 378  |

|                         | Considered<br>several products<br>from different<br>companies | Considered<br>various<br>products from<br>one company | Did not<br>consider<br>other<br>products | Looked around but<br>no other products to<br>consider | (Don't<br>know) | (Refused) | (Missing<br>data) | Total | N    | Not<br>applicable –<br>no product<br>chosen | N    |
|-------------------------|---------------------------------------------------------------|-------------------------------------------------------|------------------------------------------|-------------------------------------------------------|-----------------|-----------|-------------------|-------|------|---------------------------------------------|------|
| Low income              | 41                                                            | 18                                                    | 25                                       | 7                                                     | 3               | 1         | 7                 | 100   | 673  | 712                                         | 1385 |
| Average income          | 54                                                            | 23                                                    | 10                                       | 5                                                     | 2               | 1         | 5                 | 100   | 783  | 575                                         | 1358 |
| High income             | 59                                                            | 12                                                    | 25                                       | 2                                                     | 0               | 0         | 2                 | 100   | 89   | 51                                          | 140  |
| Poorest quintile        | 45                                                            | 11                                                    | 23                                       | 4                                                     | 4               | 1         | 13                | 100   | 146  | 158                                         | 304  |
| Quintile 2              | 40                                                            | 18                                                    | 22                                       | 7                                                     | 4               | 2         | 6                 | 100   | 147  | 160                                         | 307  |
| Quintile 3              | 49                                                            | 19                                                    | 18                                       | 5                                                     | 0               | 0         | 9                 | 100   | 230  | 223                                         | 453  |
| Quintile 4              | 50                                                            | 22                                                    | 16                                       | 5                                                     | 2               | 0         | 6                 | 100   | 298  | 247                                         | 545  |
| Richest quintile        | 60                                                            | 17                                                    | 11                                       | 6                                                     | 0               | 1         | 3                 | 100   | 354  | 231                                         | 585  |
| Low LSM                 | 28                                                            | 22                                                    | 36                                       | 3                                                     | 2               | 2         | 7                 | 100   | 133  | 203                                         | 336  |
| Medium LSM              | 46                                                            | 18                                                    | 20                                       | 5                                                     | 2               | 1         | 7                 | 100   | 710  | 599                                         | 1309 |
| High LSM                | 53                                                            | 22                                                    | 10                                       | 7                                                     | 1               | 1         | 5                 | 100   | 663  | 572                                         | 1235 |
| Urban formal            | 48                                                            | 18                                                    | 18                                       | 7                                                     | 2               | 1         | 6                 | 100   | 1026 | 926                                         | 1952 |
| Urban informal          | 46                                                            | 22                                                    | 21                                       | 3                                                     | 1               | 2         | 5                 | 100   | 176  | 109                                         | 285  |
| Rural trad. auth. areas | 49                                                            | 21                                                    | 17                                       | 5                                                     | 1               | 1         | 6                 | 100   | 288  | 306                                         | 594  |
| Rural farmworker HH     | 45                                                            | 14                                                    | 19                                       | 6                                                     | 8               | 0         | 7                 | 100   | 137  | 135                                         | 272  |

**Appendix Table 10: Sources of information that most influenced decision about taking the financial products that are currently held, by product type (cell percentages)**

|                                                                                | South Africa | Male | Female | 16-19 years | 20-29 years | 30-39 years | 40-49 years | 50-59 years | 60-69 years | 70+ years | Black | Coloured | Indian | White |
|--------------------------------------------------------------------------------|--------------|------|--------|-------------|-------------|-------------|-------------|-------------|-------------|-----------|-------|----------|--------|-------|
| <b>Product-specific information:</b>                                           |              |      |        |             |             |             |             |             |             |           |       |          |        |       |
| Junk mail sent through the post or that you found somewhere                    | 4            | 4    | 4      | 4           | 4           | 3           | 4           | 5           | 6           | 3         | 4     | 3        | 7      | 2     |
| Information picked up in a branch of a bank                                    | 28           | 26   | 30     | 18          | 31          | 33          | 26          | 26          | 23          | 23        | 27    | 27       | 45     | 29    |
| Information found on the internet                                              | 4            | 4    | 4      | 1           | 5           | 5           | 4           | 2           | 1           | 2         | 2     | 4        | 11     | 11    |
| Information from sales staff of firm providing the products (including quotes) | 4            | 6    | 3      | 2           | 5           | 5           | 5           | 4           | 5           | 3         | 4     | 4        | 5      | 9     |
| <b>Best-buy guidance:</b>                                                      |              |      |        |             |             |             |             |             |             |           |       |          |        |       |
| Comparative tables or charts in financial pages of newspapers/magazines        | 2            | 1    | 2      | 3           | 1           | 3           | 2           | 1           | 1           | 0         | 1     | 2        | 4      | 2     |
| Comparative tables or charts found on the internet                             | 1            | 1    | 1      | 1           | 1           | 1           | 1           | 1           | 1           | 0         | 1     | 0        | 2      | 2     |
| Specialist magazines/publications (such as Financial Mail)                     | 1            | 2    | 1      | 0           | 2           | 2           | 1           | 1           | 0           | 1         | 1     | 1        | 2      | 2     |
| Recommendation from independent financial adviser or broker                    | 4            | 5    | 3      | 5           | 2           | 4           | 4           | 5           | 4           | 2         | 2     | 6        | 6      | 14    |
| <b>General advice:</b>                                                         |              |      |        |             |             |             |             |             |             |           |       |          |        |       |
| Advice of friends/relatives (not working in the financial services industry)   | 22           | 23   | 22     | 39          | 21          | 18          | 20          | 27          | 20          | 24        | 24    | 29       | 13     | 11    |
| Advice of friends/relatives (who work in the financial services industry)      | 9            | 8    | 9      | 4           | 8           | 8           | 10          | 10          | 12          | 10        | 8     | 13       | 11     | 9     |
| Employer's advice                                                              | 4            | 6    | 3      | 1           | 4           | 4           | 4           | 5           | 8           | 2         | 4     | 8        | 8      | 4     |
| Traditional or religious leader                                                | 2            | 2    | 1      | 3           | 1           | 3           | 1           | 2           | 0           | 0         | 2     | 0        | 2      | 0     |
| <b>Media coverage:</b>                                                         |              |      |        |             |             |             |             |             |             |           |       |          |        |       |
| Newspaper articles                                                             | 7            | 8    | 6      | 7           | 8           | 6           | 8           | 9           | 6           | 3         | 7     | 7        | 10     | 5     |
| Television or radio programmes                                                 | 16           | 18   | 15     | 21          | 17          | 17          | 16          | 14          | 12          | 7         | 17    | 10       | 13     | 14    |
| <b>Adverts:</b>                                                                |              |      |        |             |             |             |             |             |             |           |       |          |        |       |
| Newspaper adverts                                                              | 6            | 8    | 5      | 3           | 7           | 7           | 7           | 4           | 10          | 4         | 6     | 7        | 12     | 9     |
| Television adverts                                                             | 17           | 17   | 16     | 24          | 16          | 16          | 16          | 17          | 16          | 14        | 17    | 11       | 15     | 19    |
| Other advertising                                                              | 3            | 3    | 3      | 0           | 3           | 3           | 3           | 2           | 2           | 3         | 3     | 2        | 2      | 4     |
| <b>Other:</b>                                                                  |              |      |        |             |             |             |             |             |             |           |       |          |        |       |
| Other source                                                                   | 2            | 1    | 2      | 1           | 2           | 2           | 1           | 2           | 3           | 4         | 2     | 2        | 1      | 2     |
| (Do not know)                                                                  | 1            | 2    | 1      | 3           | 1           | 1           | 1           | 1           | 2           | 8         | 1     | 3        | 4      | 3     |
| (Refused to answer)                                                            | 1            | 1    | 1      | 1           | 2           | 1           | 0           | 1           | 2           | 2         | 1     | 1        | 1      | 3     |
| (Missing data)                                                                 | 7            | 5    | 8      | 4           | 6           | 4           | 11          | 6           | 9           | 12        | 7     | 6        | 4      | 4     |
| Total percentage of cases                                                      | 145          | 151  | 139    | 144         | 148         | 146         | 142         | 145         | 143         | 128       | 141   | 146      | 177    | 158   |
| Weighted base                                                                  | 2367         | 1144 | 1223   | 177         | 746         | 511         | 368         | 284         | 177         | 77        | 1804  | 216      | 66     | 282   |

|                                                                                | Higher than degree | University education | Technical / vocational | Complete secondary | Some secondary | Complete primary | Some primary | No formal education | Self empl (30+hrs) | Paid empl (30+ hrs) | Paid empl (<30 hrs) | Looking for work | Looking after home | Unable to work | Retired | Student working, not looking |     |
|--------------------------------------------------------------------------------|--------------------|----------------------|------------------------|--------------------|----------------|------------------|--------------|---------------------|--------------------|---------------------|---------------------|------------------|--------------------|----------------|---------|------------------------------|-----|
| <b>Product-specific information:</b>                                           |                    |                      |                        |                    |                |                  |              |                     |                    |                     |                     |                  |                    |                |         |                              |     |
| Junk mail sent through the post or that you found somewhere                    | 4                  | 2                    | 4                      | 4                  | 5              | 3                | 5            | 2                   | 16                 | 4                   | 4                   | 2                | 4                  | 1              | 6       | 2                            | 3   |
| Information picked up in a branch of a bank                                    | 36                 | 25                   | 32                     | 33                 | 25             | 29               | 19           | 26                  | 27                 | 27                  | 27                  | 33               | 20                 | 21             | 25      | 27                           | 30  |
| Information found on the internet                                              | 10                 | 17                   | 10                     | 5                  | 1              | 0                | 0            | 0                   | 8                  | 8                   | 3                   | 2                | 3                  | 1              | 1       | 2                            | 0   |
| Information from sales staff of firm providing the products (including quotes) | 13                 | 6                    | 7                      | 5                  | 4              | 0                | 3            | 0                   | 7                  | 9                   | 5                   | 2                | 1                  | 1              | 6       | 1                            | 3   |
| <b>Best-buy guidance:</b>                                                      |                    |                      |                        |                    |                |                  |              |                     |                    |                     |                     |                  |                    |                |         |                              |     |
| Comparative tables or charts in financial pages of newspapers/magazines        | 3                  | 2                    | 2                      | 2                  | 1              | 0                | 2            | 0                   | 2                  | 1                   | 3                   | 2                | 2                  | 0              | 0       | 3                            | 2   |
| Comparative tables or charts found on the internet                             | 0                  | 2                    | 3                      | 1                  | 0              | 0                | 0            | 0                   | 1                  | 2                   | 0                   | 0                | 1                  | 2              | 0       | 0                            | 0   |
| Specialist magazines/publications (such as Financial Mail)                     | 2                  | 3                    | 3                      | 2                  | 0              | 0                | 1            | 0                   | 2                  | 2                   | 0                   | 1                | 1                  | 0              | 1       | 1                            | 0   |
| Recommendation from independent financial adviser or broker                    | 29                 | 9                    | 9                      | 4                  | 2              | 0                | 0            | 0                   | 8                  | 7                   | 4                   | 1                | 5                  | 0              | 4       | 3                            | 0   |
| <b>General advice:</b>                                                         |                    |                      |                        |                    |                |                  |              |                     |                    |                     |                     |                  |                    |                |         |                              |     |
| Advice of friends/relatives (not working in the financial services industry)   | 10                 | 10                   | 12                     | 17                 | 28             | 28               | 32           | 30                  | 22                 | 15                  | 21                  | 21               | 26                 | 26             | 26      | 41                           | 24  |
| Advice of friends/relatives (who work in the financial services industry)      | 9                  | 8                    | 12                     | 9                  | 9              | 6                | 7            | 8                   | 10                 | 9                   | 11                  | 9                | 10                 | 11             | 11      | 3                            | 5   |
| Employer's advice                                                              | 3                  | 3                    | 1                      | 5                  | 4              | 11               | 6            | 5                   | 4                  | 6                   | 11                  | 2                | 3                  | 11             | 3       | 1                            | 1   |
| Traditional or religious leader                                                | 0                  | 0                    | 2                      | 1                  | 1              | 3                | 5            | 2                   | 1                  | 4                   | 1                   | 1                | 0                  | 1              | 0       | 2                            | 1   |
| <b>Media coverage:</b>                                                         |                    |                      |                        |                    |                |                  |              |                     |                    |                     |                     |                  |                    |                |         |                              |     |
| Newspaper articles                                                             | 2                  | 3                    | 9                      | 7                  | 7              | 7                | 10           | 3                   | 13                 | 6                   | 7                   | 7                | 7                  | 6              | 7       | 5                            | 3   |
| Television or radio programmes                                                 | 9                  | 17                   | 17                     | 19                 | 15             | 13               | 16           | 3                   | 17                 | 18                  | 18                  | 17               | 11                 | 22             | 14      | 19                           | 11  |
| <b>Adverts:</b>                                                                |                    |                      |                        |                    |                |                  |              |                     |                    |                     |                     |                  |                    |                |         |                              |     |
| Newspaper adverts                                                              | 2                  | 6                    | 13                     | 8                  | 5              | 6                | 4            | 2                   | 11                 | 6                   | 3                   | 6                | 8                  | 8              | 11      | 5                            | 2   |
| Television adverts                                                             | 17                 | 19                   | 20                     | 18                 | 17             | 18               | 11           | 5                   | 18                 | 21                  | 9                   | 15               | 10                 | 13             | 16      | 19                           | 12  |
| Other advertising                                                              | 4                  | 4                    | 1                      | 3                  | 3              | 2                | 2            | 0                   | 3                  | 3                   | 5                   | 2                | 4                  | 5              | 1       | 2                            | 2   |
| <b>Other:</b>                                                                  |                    |                      |                        |                    |                |                  |              |                     |                    |                     |                     |                  |                    |                |         |                              |     |
| Other source                                                                   | 5                  | 1                    | 1                      | 1                  | 2              | 2                | 3            | 5                   | 1                  | 2                   | 1                   | 1                | 1                  | 2              | 4       | 1                            | 5   |
| (Do not know)                                                                  | 3                  | 0                    | 0                      | 1                  | 2              | 4                | 1            | 4                   | 0                  | 1                   | 3                   | 1                | 2                  | 2              | 4       | 2                            | 1   |
| (Refused to answer)                                                            | 0                  | 3                    | 0                      | 2                  | 1              | 0                | 0            | 0                   | 1                  | 1                   | 0                   | 1                | 0                  | 0              | 3       | 0                            | 5   |
| (Missing data)                                                                 | 3                  | 8                    | 7                      | 6                  | 5              | 6                | 14           | 13                  | 6                  | 5                   | 4                   | 8                | 11                 | 6              | 6       | 5                            | 6   |
| Total percentage of cases                                                      | 164                | 147                  | 166                    | 151                | 137            | 138              | 141          | 108                 | 177                | 157                 | 140                 | 134              | 128                | 140            | 148     | 146                          | 116 |
| Weighted base                                                                  | 48                 | 107                  | 142                    | 840                | 834            | 86               | 223          | 56                  | 187                | 569                 | 114                 | 576              | 94                 | 83             | 174     | 236                          | 151 |

|                                                                                | South Africa | Male | Female | 16-19 years | 20-29 years | 30-39 years | 40-49 years | 50-59 years | 60-69 years | 70+ years | Black | Coloured | Indian | White |
|--------------------------------------------------------------------------------|--------------|------|--------|-------------|-------------|-------------|-------------|-------------|-------------|-----------|-------|----------|--------|-------|
| <b>Product-specific information:</b>                                           |              |      |        |             |             |             |             |             |             |           |       |          |        |       |
| Junk mail sent through the post or that you found somewhere                    | 4            | 4    | 4      | 4           | 4           | 3           | 4           | 5           | 6           | 3         | 4     | 3        | 7      | 2     |
| Information picked up in a branch of a bank                                    | 28           | 26   | 30     | 18          | 31          | 33          | 26          | 26          | 23          | 23        | 27    | 27       | 45     | 29    |
| Information found on the internet                                              | 4            | 4    | 4      | 1           | 5           | 5           | 4           | 2           | 1           | 2         | 2     | 4        | 11     | 11    |
| Information from sales staff of firm providing the products (including quotes) | 4            | 6    | 3      | 2           | 5           | 5           | 5           | 4           | 5           | 3         | 4     | 4        | 5      | 9     |
| <b>Best-buy guidance:</b>                                                      |              |      |        |             |             |             |             |             |             |           |       |          |        |       |
| Comparative tables or charts in financial pages of newspapers/magazines        | 2            | 1    | 2      | 3           | 1           | 3           | 2           | 1           | 1           | 0         | 1     | 2        | 4      | 2     |
| Comparative tables or charts found on the internet                             | 1            | 1    | 1      | 1           | 1           | 1           | 1           | 1           | 1           | 0         | 1     | 0        | 2      | 2     |
| Specialist magazines/publications (such as Financial Mail)                     | 1            | 2    | 1      | 0           | 2           | 2           | 1           | 1           | 0           | 1         | 1     | 1        | 2      | 2     |
| Recommendation from independent financial adviser or broker                    | 4            | 5    | 3      | 5           | 2           | 4           | 4           | 5           | 4           | 2         | 2     | 6        | 6      | 14    |
| <b>General advice:</b>                                                         |              |      |        |             |             |             |             |             |             |           |       |          |        |       |
| Advice of friends/relatives (not working in the financial services industry)   | 22           | 23   | 22     | 39          | 21          | 18          | 20          | 27          | 20          | 24        | 24    | 29       | 13     | 11    |
| Advice of friends/relatives (who work in the financial services industry)      | 9            | 8    | 9      | 4           | 8           | 8           | 10          | 10          | 12          | 10        | 8     | 13       | 11     | 9     |
| Employer's advice                                                              | 4            | 6    | 3      | 1           | 4           | 4           | 4           | 5           | 8           | 2         | 4     | 8        | 8      | 4     |
| Traditional or religious leader                                                | 2            | 2    | 1      | 3           | 1           | 3           | 1           | 2           | 0           | 0         | 2     | 0        | 2      | 0     |
| <b>Media coverage:</b>                                                         |              |      |        |             |             |             |             |             |             |           |       |          |        |       |
| Newspaper articles                                                             | 7            | 8    | 6      | 7           | 8           | 6           | 8           | 9           | 6           | 3         | 7     | 7        | 10     | 5     |
| Television or radio programmes                                                 | 16           | 18   | 15     | 21          | 17          | 17          | 16          | 14          | 12          | 7         | 17    | 10       | 13     | 14    |
| <b>Adverts:</b>                                                                |              |      |        |             |             |             |             |             |             |           |       |          |        |       |
| Newspaper adverts                                                              | 6            | 8    | 5      | 3           | 7           | 7           | 7           | 4           | 10          | 4         | 6     | 7        | 12     | 9     |
| Television adverts                                                             | 17           | 17   | 16     | 24          | 16          | 16          | 16          | 17          | 16          | 14        | 17    | 11       | 15     | 19    |
| Other advertising                                                              | 3            | 3    | 3      | 0           | 3           | 3           | 3           | 2           | 2           | 3         | 3     | 2        | 2      | 4     |
| <b>Other:</b>                                                                  |              |      |        |             |             |             |             |             |             |           |       |          |        |       |
| Other source                                                                   | 2            | 1    | 2      | 1           | 2           | 2           | 1           | 2           | 3           | 4         | 2     | 2        | 1      | 2     |
| (Do not know)                                                                  | 1            | 2    | 1      | 3           | 1           | 1           | 1           | 1           | 2           | 8         | 1     | 3        | 4      | 3     |
| (Refused to answer)                                                            | 1            | 1    | 1      | 1           | 2           | 1           | 0           | 1           | 2           | 2         | 1     | 1        | 1      | 3     |
| (Missing data)                                                                 | 7            | 5    | 8      | 4           | 6           | 4           | 11          | 6           | 9           | 12        | 7     | 6        | 4      | 4     |
| Total percentage of cases                                                      | 145          | 151  | 139    | 144         | 148         | 146         | 142         | 145         | 143         | 128       | 141   | 146      | 177    | 158   |
| Weighted base                                                                  | 2367         | 1144 | 1223   | 177         | 746         | 511         | 368         | 284         | 177         | 77        | 1804  | 216      | 66     | 282   |

|                                                                                | Low income | Average income | High income | Poorest quintile | Quintile 2 | Quintile 3 | Quintile 4 | Richest quintile | Low LSM | Medium LSM | High LSM | Urban formal | Urban informal | Rural trad. auth. areas | Rural farmworker HH |
|--------------------------------------------------------------------------------|------------|----------------|-------------|------------------|------------|------------|------------|------------------|---------|------------|----------|--------------|----------------|-------------------------|---------------------|
| <b>Product-specific information:</b>                                           |            |                |             |                  |            |            |            |                  |         |            |          |              |                |                         |                     |
| Junk mail sent through the post or that you found somewhere                    | 2          | 6              | 2           | 2                | 2          | 3          | 6          | 5                | 3       | 4          | 4        | 4            | 1              | 5                       | 4                   |
| Information picked up in a branch of a bank                                    | 26         | 31             | 13          | 24               | 27         | 29         | 29         | 29               | 28      | 24         | 33       | 31           | 22             | 25                      | 18                  |
| Information found on the internet                                              | 1          | 6              | 12          | 2                | 1          | 1          | 3          | 12               | 0       | 1          | 9        | 6            | 1              | 2                       | 1                   |
| Information from sales staff of firm providing the products (including quotes) | 4          | 5              | 9           | 2                | 2          | 5          | 6          | 7                | 1       | 4          | 6        | 5            | 3              | 4                       | 5                   |
| <b>Best-buy guidance:</b>                                                      |            |                |             |                  |            |            |            |                  |         |            |          |              |                |                         |                     |
| Comparative tables or charts in financial pages of newspapers/magazines        | 1          | 2              | 3           | 1                | 1          | 1          | 1          | 1                | 0       | 1          | 3        | 2            | 3              | 1                       | 0                   |
| Comparative tables or charts found on the internet                             | 0          | 1              | 4           | 0                | 0          | 0          | 1          | 2                | 0       | 0          | 2        | 1            | 0              | 1                       | 0                   |
| Specialist magazines/publications (such as Financial Mail)                     | 1          | 2              | 1           | 0                | 0          | 1          | 1          | 3                | 0       | 1          | 2        | 2            | 1              | 1                       | 0                   |
| Recommendation from independent financial adviser / broker                     | 2          | 4              | 17          | 2                | 0          | 1          | 2          | 10               | 0       | 1          | 8        | 5            | 3              | 1                       | 1                   |
| <b>General advice:</b>                                                         |            |                |             |                  |            |            |            |                  |         |            |          |              |                |                         |                     |
| Advice of friends/relatives (not working in the financial services industry)   | 24         | 21             | 16          | 24               | 24         | 27         | 23         | 16               | 27      | 26         | 16       | 21           | 16             | 27                      | 30                  |
| Advice of friends/relatives (in the financial services industry)               | 10         | 8              | 7           | 5                | 5          | 8          | 11         | 10               | 7       | 6          | 10       | 9            | 8              | 8                       | 8                   |
| Employer's advice                                                              | 5          | 4              | 6           | 5                | 3          | 6          | 5          | 7                | 4       | 5          | 3        | 5            | 3              | 4                       | 9                   |
| Traditional or religious leader                                                | 2          | 1              | 0           | 2                | 3          | 2          | 2          | 2                | 8       | 2          | 0        | 0            | 0              | 4                       | 6                   |
| <b>Media coverage:</b>                                                         |            |                |             |                  |            |            |            |                  |         |            |          |              |                |                         |                     |
| Newspaper articles                                                             | 6          | 9              | 4           | 11               | 5          | 8          | 9          | 8                | 7       | 9          | 6        | 6            | 12             | 9                       | 5                   |
| Television or radio programmes                                                 | 14         | 18             | 17          | 21               | 16         | 14         | 20         | 16               | 10      | 17         | 14       | 15           | 22             | 19                      | 11                  |
| <b>Adverts:</b>                                                                |            |                |             |                  |            |            |            |                  |         |            |          |              |                |                         |                     |
| Newspaper adverts                                                              | 5          | 7              | 11          | 3                | 7          | 8          | 6          | 8                | 5       | 5          | 8        | 6            | 10             | 5                       | 6                   |
| Television adverts                                                             | 16         | 17             | 16          | 21               | 18         | 15         | 18         | 17               | 4       | 17         | 17       | 16           | 31             | 14                      | 12                  |
| Other advertising                                                              | 3          | 3              | 2           | 3                | 3          | 4          | 3          | 2                | 1       | 4          | 2        | 2            | 8              | 2                       | 1                   |
| <b>Other:</b>                                                                  |            |                |             |                  |            |            |            |                  |         |            |          |              |                |                         |                     |
| Other source                                                                   | 3          | 1              | 0           | 4                | 2          | 2          | 2          | 1                | 5       | 2          | 1        | 2            | 3              | 2                       | 1                   |
| (Do not know)                                                                  | 1          | 1              | 4           | 1                | 0          | 1          | 2          | 1                | 1       | 1          | 2        | 2            | 1              | 1                       | 3                   |
| (Refused to answer)                                                            | 2          | 0              | 4           | 1                | 2          | 0          | 0          | 1                | 4       | 1          | 1        | 1            | 4              | 0                       | 1                   |
| (Missing data)                                                                 | 8          | 6              | 3           | 8                | 8          | 6          | 5          | 4                | 7       | 9          | 4        | 6            | 8              | 9                       | 7                   |
| Total percentage of cases                                                      | 134        | 155            | 150         | 141              | 130        | 142        | 153        | 163              | 122     | 139        | 152      | 144          | 160            | 144                     | 129                 |
| Weighted base                                                                  | 1032       | 1088           | 120         | 291              | 306        | 354        | 353        | 410              | 154     | 1205       | 844      | 1363         | 250            | 628                     | 127                 |

**Appendix Table 11: Financial knowledge scale (0-4), by personal attributes (mean scores)**

|                                         | Mean score | Oneway ANOVA results |                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|-----------------------------------------|------------|----------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                         |            | Significance         | Post-hoc Scheffe test                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| South Africa                            | 2.29       |                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Male                                    | 2.37       | **                   | • Female < male                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Female                                  | 2.23       |                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 16-19 years                             | 2.50       | **                   | <ul style="list-style-type: none"> <li>• 70+ years &lt; 16-19, 20-29, 30-39, 40-49</li> <li>• 50-59 years &lt; 16-19, 20-29, 30-39, 40-49</li> <li>• 60-69 years &lt; 16-19, 20-29</li> </ul>                                                                                                                                                                                                                                                                         |
| 20-29 years                             | 2.48       |                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 30-39 years                             | 2.30       |                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 40-49 years                             | 2.30       |                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 50-59 years                             | 1.96       |                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 60-69 years                             | 2.07       |                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 70+ years                               | 1.79       |                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Black African                           | 2.18       | **                   | • Black African < coloured < Indian, white                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Coloured                                | 2.42       |                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Indian                                  | 2.89       |                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| White                                   | 2.88       |                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Higher than degree level                | 2.46       | **                   | <ul style="list-style-type: none"> <li>• No formal &lt; Higher than degree level, University level education, technical/vocational, complete secondary, some secondary, complete primary</li> <li>• Some primary &lt; Higher than degree level, University level education, technical/vocational, complete secondary, some secondary</li> <li>• Complete primary, some secondary &lt; University level education, technical/vocational, complete secondary</li> </ul> |
| University level education              | 2.94       |                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Technical / vocational                  | 2.81       |                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Complete secondary                      | 2.54       |                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Some secondary                          | 2.31       |                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Complete primary                        | 1.92       |                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Some primary                            | 1.54       |                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| No formal education                     | 1.20       |                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Self-employed (30 hours+/week)          | 2.69       | **                   | <ul style="list-style-type: none"> <li>• Not working, not looking &lt; Self empl (30 hours+/week), paid empl (30 hours+/week), student, in paid employment (&lt;30 hours+/week), retired</li> <li>• Unable to work, looking for work &lt; Self empl (30 hours+/week), paid empl (30 hours+/week)</li> </ul>                                                                                                                                                           |
| Paid employment (30 hours+/week)        | 2.60       |                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Paid employment (<30 hours/week)        | 2.30       |                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Looking for work                        | 2.21       |                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Looking after the home                  | 2.14       |                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Unable to work (sickness / ill-health ) | 1.90       |                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Retired                                 | 2.29       |                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Student                                 | 2.52       |                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Not working, not looking                | 1.57       |                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |

Note: \*\* indicates significance at the 1 percent level. \* indicates significance at the 5 percent level.

**Appendix Table 12: Financial knowledge scale (0-4), by household-level material deprivation (mean scores)**

|                         | Mean score | Oneway ANOVA results |                                                                                                                                            |
|-------------------------|------------|----------------------|--------------------------------------------------------------------------------------------------------------------------------------------|
|                         |            | Significance         | Post-hoc Scheffe test                                                                                                                      |
| Low income              | 2.04       | **                   | • All mean scores are significantly different                                                                                              |
| Average income          | 2.58       |                      |                                                                                                                                            |
| High income             | 2.97       |                      |                                                                                                                                            |
| Poorest quintile        | 1.94       | **                   | <ul style="list-style-type: none"> <li>• Poorest quintile, Q2, Q3 &lt; Q4, richest quintile</li> <li>• Q4 &lt; richest quintile</li> </ul> |
| Quintile 2              | 2.04       |                      |                                                                                                                                            |
| Quintile 3              | 2.16       |                      |                                                                                                                                            |
| Quintile 4              | 2.48       |                      |                                                                                                                                            |
| Richest quintile        | 2.80       |                      |                                                                                                                                            |
| Low LSM                 | 1.81       | **                   | • All mean scores are significantly different                                                                                              |
| Medium LSM              | 2.20       |                      |                                                                                                                                            |
| High LSM                | 2.68       |                      |                                                                                                                                            |
| Urban formal            | 2.46       | **                   | • Rural farmworker HH < all other geographic locations                                                                                     |
| Urban informal          | 2.15       |                      |                                                                                                                                            |
| Rural trad. auth. areas | 2.11       |                      |                                                                                                                                            |
| Rural farmworker HH     | 1.93       |                      |                                                                                                                                            |

Note: \*\* indicates significance at the 1 percent level. \* indicates significance at the 5 percent level.

**Appendix Table 13: Number of correct responses to financial knowledge scale (0-8), by personal attributes (mean scores)**

|                                         | Mean score | Oneway ANOVA results |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|-----------------------------------------|------------|----------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                         |            | Significance         | Post-hoc Scheffe test                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| South Africa                            | 4.73       |                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Male                                    | 4.83       | **                   | • Female < male                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Female                                  | 4.64       |                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| 16-19 years                             | 5.08       | **                   | <ul style="list-style-type: none"> <li>• 70+ years &lt; 16-19, 20-29, 30-39, 40-49</li> <li>• 50-59 years &lt; 16-19, 20-29, 30-39</li> <li>• 60-69 years &lt; 16-19, 20-29</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                              |
| 20-29 years                             | 4.92       |                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| 30-39 years                             | 4.78       |                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| 40-49 years                             | 4.74       |                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| 50-59 years                             | 4.30       |                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| 60-69 years                             | 4.43       |                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| 70+ years                               | 3.91       |                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Black African                           | 4.50       | **                   | • Black African < coloured < Indian, white                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Coloured                                | 5.02       |                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Indian                                  | 5.61       |                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| White                                   | 5.85       |                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Higher than degree level                | 5.57       | **                   | <ul style="list-style-type: none"> <li>• No formal &lt; Higher than degree level, University level education, technical/vocational, complete secondary, some secondary, complete primary</li> <li>• Some primary &lt; Higher than degree level, University level education, technical/vocational, complete secondary, some secondary</li> <li>• Complete primary &lt; Higher than degree level, university level education, technical/vocational, complete secondary</li> <li>• Some secondary &lt; University level education, technical/vocational, complete secondary</li> </ul> |
| University level education              | 5.66       |                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Technical / vocational                  | 5.53       |                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Complete secondary                      | 5.14       |                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Some secondary                          | 4.72       |                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Complete primary                        | 3.94       |                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Some primary                            | 3.71       |                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| No formal education                     | 3.00       |                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Self-employed (30 hours+/week)          | 5.33       | **                   | <ul style="list-style-type: none"> <li>• Not working, not looking &lt; Self empl (30 hours+/week), paid empl (30 hours+/week), student, in paid employment (&lt;30 hours+/week), retired, looking for work</li> <li>• Unable to work &lt; Self empl (30 hours+/week), paid empl (30 hours+/week), student</li> <li>• Looking for work &lt; self empl (30 hours+/week), paid empl (30 hours+/week)</li> </ul>                                                                                                                                                                        |
| Paid employment (30 hours+/week)        | 5.18       |                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Paid employment (<30 hours/week)        | 4.83       |                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Looking for work                        | 4.60       |                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Looking after the home                  | 4.70       |                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Unable to work (sickness / ill-health ) | 4.11       |                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Retired                                 | 4.67       |                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Student                                 | 5.13       |                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Not working, not looking                | 3.86       |                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |

Note: \*\* indicates significance at the 1 percent level. \* indicates significance at the 5 percent level.

**Appendix Table 14: Number of correct responses to financial knowledge scale (0-8), by household-level material deprivation (mean scores)**

|                         | Mean score | Oneway ANOVA results |                                                                                                                                            |
|-------------------------|------------|----------------------|--------------------------------------------------------------------------------------------------------------------------------------------|
|                         |            | Significance         | Post-hoc Scheffe test                                                                                                                      |
| Low income              | 4.37       | **                   | • All mean scores are significantly different                                                                                              |
| Average income          | 5.16       |                      |                                                                                                                                            |
| High income             | 5.86       |                      |                                                                                                                                            |
| Poorest quintile        | 4.16       | **                   | <ul style="list-style-type: none"> <li>• Poorest quintile, Q2, Q3 &lt; Q4, richest quintile</li> <li>• Q4 &lt; richest quintile</li> </ul> |
| Quintile 2              | 4.30       |                      |                                                                                                                                            |
| Quintile 3              | 4.57       |                      |                                                                                                                                            |
| Quintile 4              | 4.81       |                      |                                                                                                                                            |
| Richest quintile        | 5.56       |                      |                                                                                                                                            |
| Low LSM                 | 3.85       | **                   | • All mean scores are significantly different                                                                                              |
| Medium LSM              | 4.59       |                      |                                                                                                                                            |
| High LSM                | 5.40       |                      |                                                                                                                                            |
| Urban formal            | 5.02       | **                   | • Rural farmworker HH < all other geographic locations                                                                                     |
| Urban informal          | 4.38       |                      |                                                                                                                                            |
| Rural trad. auth. areas | 4.45       |                      |                                                                                                                                            |
| Rural farmworker HH     | 4.01       |                      |                                                                                                                                            |

Note: \*\* indicates significance at the 1 percent level. \* indicates significance at the 5 percent level.

## 9.2. Financial Literacy Module

Note: The question numbers refer to those assigned to the module in the 2010 round of the South African Social Attitudes Survey (SASAS), while the variable names in brackets are those specified by the OECD INFE. Where changes have been made to items in the OECD's Financial Literacy Measurement Core Questions [INFE(2010)3/REV1], these are indicated as notes at the end of the relevant questions.

**I would now like to ask you some questions about your family and money matters. Please can you start by telling me:**

**130. (QD2\_a) (CHILD\_a) How many children under the age of 18 live with you?**

|                                   |    |
|-----------------------------------|----|
| Number of children under 18 years |    |
| (Don't know)                      | 98 |
| (Refused)                         | 99 |

**131. (QD2\_b) (ADULT\_b) How many people aged 18 and over live with you, [including your partner]? Please do not count yourself**

|                                     |    |
|-------------------------------------|----|
| Number of people 18 years and older |    |
| (Don't know)                        | 98 |
| (Refused)                           | 99 |

**132. (QFi) (WHOMM) Who is responsible for day to day money management decisions in your household?**

|                                                   |   |
|---------------------------------------------------|---|
| You                                               | 1 |
| You and your partner                              | 2 |
| You and another family member (or family members) | 3 |
| Your partner                                      | 4 |
| Another family member or (or family members)      | 5 |
| Someone else                                      | 6 |
| Nobody                                            | 7 |
| (Do not know)                                     | 8 |
| (Refused to answer)                               | 9 |

**133. (QF2) (BUDGET) Do you have a household budget?**

(IF NECESSARY ADD: a budget is used to decide what share of your income will be used for spending, saving and paying bills)

|                     |   |
|---------------------|---|
| Yes                 | 1 |
| No                  | 2 |
| (Do not know)       | 8 |
| (Refused to answer) | 9 |

[FIELDWORKER: *Multiple response*]

|                                                | <b>134.</b><br><b>(QC1_a)</b><br><b>(PRODHEAR)</b><br><br><b>Please can you tell me whether you have heard of any of these types of financial products.</b> | <b>135.</b><br><b>(QC1_b)</b><br><b>(PRODHOLD)</b><br><br><b><u>ASK ALL respondents for products circled in Q.134</u></b><br><br><b>And now can you tell me whether you currently hold any of these types of products?</b> | <b>136.</b><br><b>(QC1_c)</b><br><b>(PRODCH)</b><br><br><b><u>ASK ALL respondents for products circled in Q.134</u></b><br><br><b>And in the last two years, which of the following types of financial products have you chosen (whether or not you still hold them)...</b><br><b>IF NECESSARY ADD: Please do not include products that are renewed automatically</b> |
|------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| a. A pension fund (not government grant)       | 01                                                                                                                                                          | 01                                                                                                                                                                                                                         | 01                                                                                                                                                                                                                                                                                                                                                                    |
| b. An investment account, such as a unit trust | 02                                                                                                                                                          | 02                                                                                                                                                                                                                         | 02                                                                                                                                                                                                                                                                                                                                                                    |
| c. A house bond                                | 03                                                                                                                                                          | 03                                                                                                                                                                                                                         | 03                                                                                                                                                                                                                                                                                                                                                                    |
| d. A bank loan secured on property             | 04                                                                                                                                                          | 04                                                                                                                                                                                                                         | 04                                                                                                                                                                                                                                                                                                                                                                    |
| e. An unsecured bank loan                      | 05                                                                                                                                                          | 05                                                                                                                                                                                                                         | 05                                                                                                                                                                                                                                                                                                                                                                    |
| f. A credit card                               | 06                                                                                                                                                          | 06                                                                                                                                                                                                                         | 06                                                                                                                                                                                                                                                                                                                                                                    |
| g. A bank account                              | 07                                                                                                                                                          | 07                                                                                                                                                                                                                         | 07                                                                                                                                                                                                                                                                                                                                                                    |
| h. A post office savings account               | 08                                                                                                                                                          | 08                                                                                                                                                                                                                         | 08                                                                                                                                                                                                                                                                                                                                                                    |
| i. A microfinance loan                         | 09                                                                                                                                                          | 09                                                                                                                                                                                                                         | 09                                                                                                                                                                                                                                                                                                                                                                    |
| j. Insurance – car & house, funeral            | 10                                                                                                                                                          | 10                                                                                                                                                                                                                         | 10                                                                                                                                                                                                                                                                                                                                                                    |
| k. Policies (Sanlam, Old Mutual)               | 11                                                                                                                                                          | 11                                                                                                                                                                                                                         | 11                                                                                                                                                                                                                                                                                                                                                                    |
| l. Stocks and shares                           | 12                                                                                                                                                          | 12                                                                                                                                                                                                                         | 12                                                                                                                                                                                                                                                                                                                                                                    |
| m. Retail Bonds                                | 13                                                                                                                                                          | 13                                                                                                                                                                                                                         | 13                                                                                                                                                                                                                                                                                                                                                                    |
| n. Stokvels                                    | 14                                                                                                                                                          | 14                                                                                                                                                                                                                         | 14                                                                                                                                                                                                                                                                                                                                                                    |
| o. (Refused)                                   | 97                                                                                                                                                          | 97                                                                                                                                                                                                                         | 97                                                                                                                                                                                                                                                                                                                                                                    |
| p. (Don't know)                                | 98                                                                                                                                                          | 98                                                                                                                                                                                                                         | 98                                                                                                                                                                                                                                                                                                                                                                    |

<Note 1: In the Financial Literacy Measurement Core Questions [INFE(21010)3/REV1], the survey agency is requested to rotate the list of products for PRODHEAR, PRODHOLD and PRODCH, as the intention was to randomize the next two follow-up questions (QC2/CHPROD and QC3/INFL) by having a random starting point on these initial product choice questions. For the South African pilot, it was ultimately decided not to rotate the order of the list of products, mainly due to concerns that in face-to-face interviews this may produce fieldwork error in a sub-section that is already quite conceptually demanding with complex skip instructions>

<Note 2: In option a, the phrase 'not a government grant' was included to avoid confusion with the state-provided old age grant>

<Note 3: In option c, the term 'mortgage' was replaced with the more locally appropriate 'house bond'>

<Note 4: In option g, the INFE codes 'a current account' and 'a savings account' was replaced with the more generic 'a bank account' due to a concern that many respondents would not be able to distinguish between them. The item 'post office savings account' was also added.>

<Note 5: For option j, we included car, household and funeral insurance as examples, since these are common forms of insurance in South Africa.>

< Note 6: We added an extra item 'policies (Sanlam, Old Mutual)' since this also represents a significant source of insurance in the country>

< Note 7: In option m, we rephrased 'bonds' as 'retail bonds' to differentiate the product from home bonds>

< Note 8: In South Africa there are various other non –formal savings products. It was decided to include an option for 'stokvels' at the end of the list of formal products. A *stokvel* is a South African savings or investment society to which members regularly contribute an agreed amount and from which they receive a lump sum payment on a rotational basis.>

**ASK ALL THOSE WHO CIRCLED ANY PRODUCT IN Q.136 excluding stocks, shares, retail bonds and stokvels, if asked) :**

**137. (QC2) (CHPROD) Which of the following statements best describes how you last chose a [TAKE THE FIRST PRODUCT LISTED FROM Q 136 ]?**

**INTERVIEWER: READ OUT a-d**

|    |                                                                                                            |   |
|----|------------------------------------------------------------------------------------------------------------|---|
| a. | I considered several [products/loans/policies/accounts] from different companies before making my decision | 1 |
| b. | I considered the various [products/loans/policies/accounts] from one company                               | 2 |
| c. | I didn't consider any other [products/loans/policies/accounts] at all                                      | 3 |
| d. | I looked around but there were no other [products/loans/policies/accounts] to consider                     | 4 |
|    | (Not applicable – respondent has not chosen any financial product in the last 2 years)                     | 7 |
|    | (Do not know)                                                                                              | 8 |
|    | (Refused to answer)                                                                                        | 9 |

<Note 1: As previously mentioned, for the South African pilot, it was ultimately decided not to rotate the order of the list of products in QC1\_c/PRODCH. This may affect the sample size for certain products and thus constrain to some extent product specific analysis of QC2/CHPROD>

**138. (QC3) (INFL) Which sources of information do you feel most influenced your decision about which [TAKE THE FIRST PRODUCT LISTED FROM Q 135]] to take out?**

**INTERVIEWER: WAIT FOR RESPONSE. READ OUT LIST IF NECESSARY. CODE ALL.**

|    |                                                                                |    |
|----|--------------------------------------------------------------------------------|----|
| a. | Junk mail sent through the post or that you found somewhere                    | 01 |
| b. | Information picked up in a branch of a bank                                    | 02 |
| c. | Information found on the internet                                              | 03 |
| d. | Information from sales staff of firm providing the products (including quotes) | 04 |
| e. | Comparative tables or charts in financial pages of newspapers/magazines        | 05 |
| f. | Comparative tables or charts found on the internet                             | 06 |
| g. | Specialist magazines/publications (such as Financial Mail)                     | 07 |
| h. | Recommendation from independent financial adviser or broker                    | 08 |
| i. | Advice of friends/relatives (not working in the financial services industry)   | 09 |
| j. | Advice of friends/relatives (who work in the financial services industry)      | 10 |
| k. | Employer's advice                                                              | 11 |
| l. | Traditional or religious leader                                                | 12 |
| m. | Newspaper articles                                                             | 13 |
| n. | Television or radio programmes                                                 | 14 |
| o. | Newspaper adverts                                                              | 15 |
| p. | Television adverts                                                             | 16 |
| q. | Other advertising                                                              | 17 |
| r. | Other source                                                                   | 18 |
| s. | (Do not know)                                                                  | 98 |
| t. | (Not applicable)                                                               | 97 |
| u. | (Refused to answer)                                                            | 99 |

<Note 1: As previously mentioned, for the South African pilot, it was decided not to rotate the order of the list of products in QC1\_b/PRODHOLD. This may affect the sample size for certain products and thus constrain to some extent product specific analysis of QC3/INFL>

**We are now going to talk about more general money matters. Remember that there are no particular wrong or right answers; everyone has their own way of doing things.**

**(QM1) (MEM\_BEH) I am going to read out some behaviour statements. Please can you tell me whether you do these things or not, using a scale of 1 to 5, where 1 is something you always do and 5 is something you never do:**

**[INTERVIEWER: READ OUT EACH STATEMENT AND WAIT FOR RESPONSE]**

**[Showcard 27]**

|             |                                                                     | Always | Often | Some of the time | Seldom | Never | (Do not know) | (Refused) |
|-------------|---------------------------------------------------------------------|--------|-------|------------------|--------|-------|---------------|-----------|
| <b>139.</b> | Before I buy something I carefully consider whether I can afford it | 1      | 2     | 3                | 4      | 5     | 8             | 9         |
| <b>140.</b> | I pay my bills on time                                              | 1      | 2     | 3                | 4      | 5     | 8             | 9         |
| <b>141.</b> | I keep a close personal watch on my financial affairs               | 1      | 2     | 3                | 4      | 5     | 8             | 9         |
| <b>142.</b> | I set long term financial goals and work hard to achieve them       | 1      | 2     | 3                | 4      | 5     | 8             | 9         |

<Note 1: In the Financial Literacy Measurement Core Questions [INFE(21010)3/REV1], use is made of a 5-point (1-5) end-defined response scale, ranging from 1 (always) to 5 (never). For the South African pilot, labels were attached to the values (as shown above) to reduce the cognitive burden on respondents, especially in less literate communities.>

<Note 2: In Q142 / MEM\_BEHd, the verb 'strive' has been replaced with 'work hard'.>

**143. (QM2) (MEM\_NO) Sometimes people find that their income does not quite cover their living costs. In the last 12 months, has this happened to you?**

|                     |   |
|---------------------|---|
| Yes                 | 1 |
| No                  | 2 |
| (Do not know)       | 8 |
| (Refused to answer) | 9 |

→ Skip to Q 145

**144. (QM3)(MEM\_DO) What did you do to make ends meet the last time this happened?**

**FIELDWORKER: PROBE WITH: DID YOU DO ANYTHING ELSE? DO NOT READ OUT OPTIONS. MULTIPLE RESPONSES ALLOWED.**

|    |                                                                                                                  |    |
|----|------------------------------------------------------------------------------------------------------------------|----|
| a. | Draw money out of savings or transfer savings into current account                                               | 1  |
| b. | Cut back on spending, spend less, do without                                                                     | 2  |
| c. | Sell something that I own                                                                                        | 3  |
| d. | Work overtime, earn extra money                                                                                  | 4  |
| e. | Borrow food or money from family or friends                                                                      | 5  |
| f. | Borrow from employer/salary advance                                                                              | 6  |
| g. | Pawn something that I own                                                                                        | 7  |
| h. | Take a loan from my savings and loans clubs                                                                      | 8  |
| i. | Take money out of a flexible home loan account                                                                   | 9  |
| j. | Apply for loan/withdrawal on pension fund                                                                        | 10 |
| k. | Use authorized, arranged overdraft or line of credit                                                             | 11 |
| l. | Use credit card for a cash advance or to pay bills/buy food                                                      | 12 |
| m. | Take out a personal loan from a formal financial service provider (including bank, credit union or microfinance) | 13 |
| n. | Take out a payday loan (advance on salary from someone-not employer)                                             | 14 |
| o. | Take out a loan from an informal provider/moneylender                                                            | 15 |
| p. | Use unauthorised overdraft                                                                                       | 16 |
| q. | Pay my bills late; miss payments                                                                                 | 17 |
| r. | Other                                                                                                            | 18 |
| s. | (Do not know)                                                                                                    | 98 |
| t. | (Refused to answer)                                                                                              | 99 |

<Note 1: In option i above, we changed the term 'mortgage' to 'home loan', which is the most appropriate term used in South Africa>

<Note 2: In option m above, we added the term 'formal' to make it clear that we are referring specifically to loans from formal service providers>

<Note 3: In option n above, we inserted the additional phrase 'advance on salary from someone-not employer' for the purposes of clarification and to enable respondents to distinguish it from a 'salary advance' in option f>

**145. (QP1) (BSAVE) In the past 12 months have you been saving money in any of the following ways?**

**Please do not include pension savings in this question. (Read out-multiple response)**

|    |                                                                                                            |   |
|----|------------------------------------------------------------------------------------------------------------|---|
| a. | Building up a balance of money in your bank account                                                        | 1 |
| b. | Paying money into a savings account                                                                        | 2 |
| c. | Saving cash at home or in your wallet                                                                      | 3 |
| d. | Giving money to family to save on your behalf                                                              | 4 |
| e. | Saving in a stokvel or any other informal savings club                                                     | 5 |
| f. | Buying financial investment products, other than pension funds [e.g. investment trusts, stocks and shares] | 6 |
| g. | Or saving in some other way (including remittances, buying livestock or property)                          | 7 |
| h. | (Do not know)                                                                                              | 8 |
| i. | (Refused to answer)                                                                                        | 9 |

<Note 1: In the Financial Literacy Measurement Core Questions [INFE(21010)3/REV1], the first option provided to respondents to the BSAVE question is 'Saving cash at home or in your wallet'. In the South African context, this is a highly sensitive statement. It may lead to suspicion on the part of respondent and fear of later victimization if he or she were to respond in the affirmative. In response, we placed this item is placed lower down the order of coded options.>

<Note 2: For option e, we included 'stokvel' as the example of an informal savings club. AS previously mentioned, a *stokvel* is a South African savings or investment society to which members regularly contribute an agreed amount and from which they receive a lump sum payment on a rotational basis.>

**146. (QP2) (PROV\_T) If you lost your main source of income, how long could you continue to cover your living expenses for, without borrowing any money or moving house? (Read out)**

|                                           |   |
|-------------------------------------------|---|
| Less than a week                          | 1 |
| At least a week, but not one month        | 2 |
| At least one month, but not three months  | 3 |
| At least three months, but not six months | 4 |
| More than six months.                     | 5 |
| (Do not know)                             | 8 |
| (Refused to answer)                       | 9 |

**(QP3) (PLAN\_ATT) I would like to know how much you agree or disagree with each of the following statements: [*Showcard 1*]**

|             |                                                                                | Completely agree | Agree | Neither Nor | Dis-agree | Completely disagree | (Do not know) | (Refused) |
|-------------|--------------------------------------------------------------------------------|------------------|-------|-------------|-----------|---------------------|---------------|-----------|
| <b>147.</b> | I find it more satisfying to spend money than to save it for the long term     | 1                | 2     | 3           | 4         | 5                   | 8             | 9         |
| <b>148.</b> | I tend to live for today and let tomorrow take care of itself                  | 1                | 2     | 3           | 4         | 5                   | 8             | 9         |
| <b>149.</b> | I am prepared to risk some of my own money when saving or making an investment | 1                | 2     | 3           | 4         | 5                   | 8             | 9         |
| <b>150.</b> | Money is there to be spent                                                     | 1                | 2     | 3           | 4         | 5                   | 8             | 9         |

<Note 1: In the Financial Literacy Measurement Core Questions [INFE(21010)3/REV1], use is made of a 5-point (1-5) end-defined response scale, ranging from 1 (completely agree) to 5 (completely disagree). For the South African pilot, labels were attached to the values (as shown above) to reduce the cognitive burden on respondents, especially in less literate communities.>

**The next few questions are more like a quiz. The questions are not designed to trick you so if you think you have the right answer, you probably do. If you don't know the answer, just say so**

**151. (QK2) (DIV) Imagine that five friends are given a gift of R1,000. If the friends have to share the money equally how much does each one get? ( Read question again if asked)**

**Record response numerically - - -**

|   |  |  |  |
|---|--|--|--|
| R |  |  |  |
|---|--|--|--|

|                     |     |
|---------------------|-----|
| (Don't know)        | 998 |
| (Refused)           | 999 |
| (Irrelevant answer) | 997 |

152. (QK3) (TIME) Now imagine that the brothers have to wait for one year to get their share of the R1,000. In one year's time will they be able to buy: (Read out)

|                                                                  |   |
|------------------------------------------------------------------|---|
| More with their share of the money than they could today         | 1 |
| The same amount                                                  | 2 |
| Or, less than they could buy today                               | 3 |
| <i>(It depends on inflation)</i>                                 | 4 |
| <i>(It depends on the types of things that they want to buy)</i> | 5 |
| (Don't know)                                                     | 8 |
| (Refused)                                                        | 9 |
| <b><i>(Irrelevant answer)</i></b>                                | 7 |

153. (QK4) (INT) You lend R25 to a friend one evening and he gives you R25 back the next day. How much interest has he paid on this loan? (Read out question again if asked)

Record response numerically - - -

|   |  |  |  |
|---|--|--|--|
| R |  |  |  |
|---|--|--|--|

|                     |     |
|---------------------|-----|
| (Don't know)        | 998 |
| (Refused)           | 999 |
| (Irrelevant answer) | 997 |

154. (QK5\_a) (GROWa) Suppose you put R100 into a savings account with a guaranteed interest rate of 2% per year. You don't make any further payments into this account and you don't withdraw any money. How much would be in the account at the end of the first year, once the interest payment is made? (Read out question again if asked)

Record response numerically - - -

|   |  |  |  |
|---|--|--|--|
| R |  |  |  |
|---|--|--|--|

|                     |     |
|---------------------|-----|
| (Don't know)        | 998 |
| (Refused)           | 999 |
| (Irrelevant answer) | 997 |

155. (QK5\_b) (GROWb) And how much would be in the account at the end of five years? Would it be: (Read out)

|                                                        |   |
|--------------------------------------------------------|---|
| More than R110                                         | 1 |
| Exactly R110                                           | 2 |
| Less than R110                                         | 3 |
| Or is it impossible to tell from the information given | 4 |
| <i>(Don't know)</i>                                    | 8 |
| <i>(Refused)</i>                                       | 9 |
| <b><i>(Irrelevant answer)</i></b>                      | 7 |

**(QK6) (KNOW) I would like to know whether you think the following statements are true or false: (Read out)**

|             |                                                                                                                                     | <b>True</b> | <b>False</b> | <b>(Do not know)</b> | <b>(Refused)</b> |
|-------------|-------------------------------------------------------------------------------------------------------------------------------------|-------------|--------------|----------------------|------------------|
| <b>156.</b> | If someone offers you the chance to make a lot of money it is likely that there is also a chance that you will lose a lot of money. | 1           | 2            | 8                    | 9                |
| <b>157.</b> | High inflation means that the cost of living is increasing rapidly                                                                  | 1           | 2            | 8                    | 9                |
| <b>158.</b> | It is less likely that you will lose all of your money if you save it in more than one place.                                       | 1           | 2            | 8                    | 9                |

## **BACKGROUND VARIABLES**

**159. (QD5) (WORKSTAT) And which of these best describes your current work situation?**

**INTERVIEWER: READ OUT: stop and mark the first that applies**

|                                                    |    |
|----------------------------------------------------|----|
| Self employed for 30 hours or more per week        | 1  |
| Self employed for less than 30 hours per week      | 2  |
| In paid employment for 30 hours or more per week   | 3  |
| In paid employment for less than 30 hours per week | 4  |
| Looking for work                                   | 5  |
| Looking after the home                             | 6  |
| Unable to work due to sickness or ill-health       | 7  |
| Retired                                            | 8  |
| Student                                            | 9  |
| Not working and not looking for work               | 10 |
| Apprentice                                         | 11 |
| Other                                              | 12 |
| <i>(Refused)</i>                                   | 97 |
| <i>(Don't know)</i>                                | 98 |

**People get income from a wide range of sources. This might include wages and salaries, benefit payments, pensions or maintenance payments.**

**160. (QD6) (HHLDINC) Considering all the sources of income coming into your household each month, which of these categories does your household income usually fall into?**

|                     |   |
|---------------------|---|
| Low income          | 1 |
| Average income      | 2 |
| High income         | 3 |
| <i>(Don't know)</i> | 8 |
| <i>(Refused)</i>    | 9 |

- 161. (QD7) (INCSTAB) Which of the following describe how regular or reliable your household income is? [use text in square brackets if anyone else might be bringing in an income]: (Read out)**

**INTERVIEWER: READ OUT a-d: mark all that apply:**

|    |                                                                               |   |
|----|-------------------------------------------------------------------------------|---|
| a. | My [our] income varies from week to week, month to month, or season to season | 1 |
| b. | Sometimes I [we] do not receive my [our] income on time                       | 2 |
| c. | Sometimes I [we] do not receive any money at all                              | 3 |
| d. | My [our] income is regular and predictable                                    | 4 |
| e. | <i>Don't know</i>                                                             | 8 |
| f. | <i>Refused</i>                                                                | 9 |

- 225. (QDi)(GENDER) Gender of respondent**

(QDii)(REGION) Province in which respondent is resident

(QDiii) (RURAL) Rural/urban location of respondent

(QDiii)(LANG) Language of interview

- 227. (QD3) (AGE) Current age of respondent**

- 226. (QD4) (ETHNIC) Population group**

- 230. (QD8) (EDU) Highest educational level attained**